

SUBJECT: Preference given by public entities to Texas agricultural products

COMMITTEE: Agriculture and Livestock — favorable, without amendment

VOTE: 4 ayes — T. King, M. González, Kacal, Kleinschmidt

3 nays — Anderson, Springer, White

SENATE VOTE: On final passage, April 4 — 31-0, on Local and Uncontested Calendar

WITNESSES: *(On House companion bill, HB 2528:)*
For — John Patrick, Texas AFL-CIO; *(Registered, but did not testify:*
Susan Beckwith, Texas Organic Farmers and Gardeners Assoc. (TOFGA);
Norman Garza Jr., Texas Farm Bureau; Courtney Hoffman, Texas Food
Bank Network; Joshua Houston, Texas Impact; Katie Malaspina, Texans
Care for Children; Judith McGeary, Farm and Ranch Freedom Alliance;
Anne Olson, Texas Baptist Christian Life Commission; Suzanne Santos,
Sustainable Food Center; Patrick Fitzsimons; Roxanna Smock)

Against — None

On — Ron Pigott, Comptroller of Public Accounts, TPASS Division

BACKGROUND: Under current law, school districts and state agencies that purchase agricultural products are required to give preference to those produced or grown in this state if the quality and cost is equal to products grown outside of the state.

DIGEST: SB 1107 would add Local Government Code, sec. 271.909 to require local governmental entities, not including school districts, that made purchases of agricultural products to give first preference to agricultural products produced or grown in this state if the quality and cost were equal to products produced or grown outside of the state.

The bill also would amend the Education Code, Government Code, and Local Government code to permit the comptroller and all state agencies, local governmental entities, and school districts to give first preference to agricultural products produced, processed, or grown in this state if the cost

did not exceed 107 percent of the cost of agricultural products produced or grown outside of this state and the quality was equal.

This bill would take effect September 1, 2013.

**SUPPORTERS
SAY:**

SB 1107 would support Texas agriculture while assuring value to taxpayers. Under current law, state agencies and school districts are required to give preference to agricultural products grown in this state if the cost and quality are equal. This provision does not currently apply to local governments. SB 1107 would align the statutory requirements for state agencies, school districts, and local governments by adding local governments to the list of public entities that were required to prefer Texas agricultural products if the cost and quality of the Texas and out-of-state bids or proposals were substantially equal.

State and local contracting agencies cannot prefer Texas agricultural products unless everything in the bid or proposal is equal. SB 1107 would allow state agencies, school districts and all local governments to pay up to 7 percent more for agricultural products grown in Texas. The economic benefits resulting from purchasing locally may outweigh any additional upfront cost. Allowing governmental entities to spend up to 7 percent more on Texas grown food than the lowest bidder would help create the demand necessary to stabilize agricultural producers and keep Texans' tax dollars in Texas.

While the bill would not stop Texas vendors from increasing prices, if they priced themselves too high, public entities would select their competitors. Because bids are typically confidential, Texas vendors would not know what other vendors were bidding and would not have a firm basis for raising prices. This bill also would not mandate higher spending. If the Texas agricultural product was not of equal cost or quality, then governmental entities would still be able to accept the out-of-state product bid.

**OPPONENTS
SAY:**

SB 1107 could result in Texas vendors increasing their prices. While higher spending for a Texas product would be permissive, the state should make the fiscally responsible choice by taking the lowest possible bid.