

SUBJECT: Creating a grant program to cut vehicle inspection wait times at the border

COMMITTEE: Agriculture and Livestock — committee substitute recommended

VOTE: 5 ayes — T. King, C. Anderson, Cyrier, González, Springer

2 nays — Rinaldi, Simpson

WITNESSES: For — Howard Pebley, City of McAllen; Luis Bazan, City of Pharr Bridge; Bret Erickson, Texas International Produce Association; *(Registered, but did not testify: Arnold Flores, Cameron County; Pete Sepulveda, Cameron County RMA; Teclo Garcia, City of McAllen; Steve Alhenius, McAllen Chamber of Commerce; Keith Patridge, McAllen Economic Development Corp; Ricardo Perez, Mission EDC; Shayne Woodard, Paramount Citrus Farms; Elizabeth Lippincott, Texas Border Coalition; Jim Reaves, Texas Nursery and Landscape Association)*

Against — None

On — Dean McCorklr, Texas A&M AgriLife Extension Service; *(Registered, but did not testify: David Kostroun, Texas Department of Agriculture)*

DIGEST: CSHB 979 would create a Trade Agricultural Inspection Grant Program. The program would allow the Department of Agriculture to make a grant to a nonprofit organization to promote the agricultural processing industry in Texas by reducing wait times for agricultural inspections of vehicles at ports of entry along the Texas-Mexico border.

The bill would require the department to request proposals for the grant award, evaluate the proposals, and award a grant based on the proposed program's measurable effectiveness and the potential for positive impact on the agricultural processing industry in Texas.

The bill would limit grants to be awarded to only an organization that had demonstrated experience working with border inspection authorities to

reduce border crossing wait times. This recipient would be able to use the grant money only to pay for activities that were directly related to promoting the agricultural processing industry in Texas by reducing wait times for agricultural inspections of vehicles at the Texas-Mexico border. This would include using grant money to reimburse a federal government agency that, at the request of the recipient, provided additional border agricultural inspectors or paid overtime to these inspectors at ports of entry along the Texas-Mexico border.

CSHB 979 also would require the department to establish procedures to administer the grant program, including procedures for the submission of a proposal and for the department to use in evaluating proposals. The department would be required to enter into, monitor, and enforce contracts with each grant recipient that included performance requirements. The contract would be required to authorize the department to recoup grant money from a recipient for failure of the recipient to comply with the contract terms.

To award grants, the department could solicit and accept gifts, grants, and donations from any source. To be eligible for a grant award, a nonprofit organization would be required to provide matching funds. The amount of the grant could not exceed the amount of the matching funds. The department also would be prohibited from requiring a nonprofit organization to provide matching funds in an amount that exceeded the amount of the grant. The department could adopt any rules necessary to implement this program.

The bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

CSHB 979 would ease congestion of commerce at the ports of entry along the Texas-Mexico border. There are not currently enough federal inspection agents, which has increased congestion and the wait times for agricultural inspections of vehicles at these ports. Many private industries and nonprofit organizations with experience working with border inspection authorities in the area are knowledgeable on peak produce periods and could anticipate when more inspectors will be needed. CSHB

979 would allow these businesses and non-profits to partner with the state to hire new inspectors or to pay inspectors overtime as needed to efficiently reduce congestion.

The bill would protect the products being shipped across the border. In 2014, more than 170,000 truckloads of produce crossed into Texas from Mexico. Due to staffing shortages, many trucks must wait in line long hours or do not make it through inspection. These delays lower the value and shelf life of the produce by at least 10 percent. Because importing produce from Mexico brings significant revenue to Texas, it is important that the state invest resources into reducing wait times for vehicle inspections as CSHB 979 would do.

CSHB 979 would be an affordable way to deal with a costly problem. The state's investment in the grant program would be doubled because every dollar appropriated by the state would be matched by private industry and local governments that would contribute matching funds to the non-profit organization. The cost of implementation of the grant program would easily be absorbed into the department's budget, and most of the grant administration work would be borne by the grant recipients.

The bill would create jobs at the ports of entry. It also would allow more trucks and therefore more produce to be processed, which could add more area jobs to the agriculture industry.

The bill would facilitate a public-private partnership that would benefit not only the produce industry by reducing wait times but also local governments and the state with increased revenue. Private industry is greatly affected by long wait times and would participate in the program's funding by providing the matching grant funds to nonprofit organizations. Many of these public-private partnerships already are occurring at the ports of entry, and appropriating state funding under CSHB 979 would further enhance their work.

CSHB 979 would address a shortage of personnel that is affecting Texas businesses. The state of Texas always has taken initiative as a government

leader, instead of waiting for the federal government to react. Because federal inspectors are under the purview of the Department of Homeland Security, a government agency must be involved in the process of hiring them and determining their hours instead of a private industry. Therefore, the participation of the state under CSHB 979 would be critical to solving this issue.

**OPPONENTS
SAY:**

CSHB 979 would create an improper use of state funds to pay the federal government for work that already is their responsibility to cover. Inspecting products in international trade is within the purview of the federal government, and federal taxes are already expended for this purpose. Allowing organizations to use state money to reimburse the federal government for the salaries and benefits of federal employees would essentially be using tax payer money to pay the federal government twice for the same job.

CSHB 979 would cause unnecessary state involvement and funding. If the federal government cannot afford more inspectors, a solution will be provided by the free market. If companies are deeply affected by long wait times, they will fund efforts through the nonprofit organizations that are already doing this work along the border, and the state would not need to appropriate funds or effort on this.

NOTES:

The Legislative Budget Board estimates that CSHB 979 would have a negative net impact to general revenue of \$725,000 through fiscal 2016-17.