



# TEXAS AG SUMMIT 2010

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BASTROP, TEXAS

## **Final Report**

# TEXAS DEPARTMENT OF AGRICULTURE

TODD STAPLES  
COMMISSIONER



April 27, 2010

Dear Fellow Texan:

It has been said that those who fail to plan, plan to fail. Success does not happen by chance - it happens because we will it, strive for it, to happen.

To continue the success of the Texas agriculture industry, in February 2010, the Texas Department of Agriculture hosted the first ever Texas Agriculture Summit. This initiative was designed to bring producers, policy experts and other interested parties together in one place to come to an understanding on where agriculture in Texas is today, and where we are going.

The response to the call was impressive. Participants from all corners of the Lone Star State and sectors of the agriculture industry attended. This high level of participation allowed for a great diversity of interests and inputs, which drove and shaped our discussions.

TDA directed the focus on four key areas: a 2011 Statehouse Forecast, Raising Rural Voices, Texas Water Policy and a Federal Forecast. In addition, we solicited and received feedback on a wide variety of other issues of concern to the agriculture community - from education to taxes to land use trends, the issues affecting agriculture are diverse and complex.

The attached report is a summary of the major points discussed during the summit. It is a relevant snapshot of the key issues facing Texas farmers, ranchers and other agriculture-related businesses today. Keep in mind, this document is not just a report; it includes a strategy to ensure rural Texas and the agriculture industry have the resources to remain the steadfast provider of the world's safest and most reliable food supply, as well as an economic engine for the Lone Star State and her families.

The future of agriculture requires our diverse constituency of producers and support industries working together as a unified agricultural community in order to make our voices heard in Washington and Austin. The 2010 Texas Agriculture Summit was a resounding success in terms of establishing that unity, and I look forward to working with all stakeholders in the future to build on that success.

Sincerely yours,

Todd Staples



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# 2011 STATEHOUSE FORECAST

The 2010 Texas Agriculture Summit Statehouse Forecast Breakout Session focused on state policies affecting agriculture. Much of the session centered on potential challenges for the agriculture industry in the 82nd Legislative Session, convening in January 2011. Approximately 39 participants representing 35 agricultural associations, industries and educational institutions attended the session<sup>1</sup>. The breakout session was moderated by Ron Hufford with the Texas Forestry Association, and the topics and speakers included, respectively:

- **What factors will influence the landscape of the 82nd Legislative Session?**  
*Presented by The Honorable Ken Armbrister, Office of the Governor*
- **How will declining tax revenues impact the 2011 appropriations process?**  
*Presented by John O'Brien, Legislative Budget Board*
- **What are agriculture's legislative priorities?**  
*Presented by Billy Howe, Texas Farm Bureau*

## **Background:**

During each legislative session, opportunity arises for deliberation on policies impacting the agriculture industry, producers, rural communities and the consumers of Texas agricultural products. The 82nd Texas Legislative Session will be no different, although a budget shortfall is a potential issue with significant implications.

## **Panel Summaries:**

### **What factors will influence the landscape of the 82nd Legislative Session? – Ken Armbrister**

*Speaker Summary:* Appropriations, education, water policy, transportation and redistricting will be significant issues during the 82nd Regular Session. Each of these issues is critical to the agriculture industry. Because agriculture has a strong interest in each of these issues, as the 2010 elections approach, it is important to understand the candidates' positions and the composition of the districts they will represent. The Texas Legislature is becoming more urban and removed from the rural and traditional agriculture populations. This shift should encourage the agriculture industry to find ways to build consensus and forge relationships with their locally elected officials to achieve future goals.

*Participant Feedback:* Throughout the discussion, the resounding theme was the need for communication. Participants expressed the importance of creating a unified message that will proactively articulate what agriculture is, why and how certain practices are adopted and how these actions impact consumers. For this industry to be successful in the changing political and social environments, the public must be educated on the realities of agricultural production and the main benefit the industry provides to all consumers—a safe, affordable, reliable and high quality food and fiber.

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<sup>1</sup> See appendix for list of participants

## How will declining tax revenues impact the 2011 appropriations process? – John O'Brien

*Speaker Summary:* The state appropriations process is expected to dominate much of the upcoming legislative agenda and is a critical issue for the agriculture industry. Texas has witnessed 12 months of declining sales tax revenue, eight months of the year seeing double-digit declines. In time, the economy and state revenues will recover; however, as of Feb. 8, 2010 (before implementation of the 5 percent state agency budget reductions), revenue estimators anticipated a shortfall of \$11-12 billion. While the economy will recover, budget constraints are predicted to carry over to the 83rd Legislative Session in 2013.

*Participant Feedback:* Passing a balanced budget is, and should remain, the Legislature's top priority. The agriculture industry should work to maintain essential agriculture-related funding levels for the Texas Department of Agriculture, Texas Animal Health Commission, AgriLife Extension and the Texas Boll Weevil Eradication Foundation.

### *Speaker Takeaway Points<sup>2</sup>:*

- Texas has a structural deficit between recurring revenue and recurring spending.
- Sales tax revenues have declined (over the same month in prior year) for 12 straight months.
- The leadership letter [issued by the Legislative Budget Board on March 19, 2010] requesting agencies to reduce General Revenue spending by 5 percent is in response to weak revenue trends and in anticipation of a tough budget session in 2011.

## What are agriculture's legislative priorities? – Billy Howe

*Speaker Summary:* Transportation infrastructure, groundwater and eminent domain are issues agriculture must make priorities during the 82nd Regular Legislative Session. It is important for the agriculture industry to carefully evaluate all possible options and identify solutions for issues before the Legislature can advocate for the many policies farmers and ranchers support, such as utilizing existing corridors or rights of way to meet future transportation needs. It is also critical to be engaged in the Sunset Commission's auditing and review process, and to participate in the state redistricting process in 2011. Agriculture must develop new approaches, including the use of easily understood facts and data, to communicate and educate the public and elected officials about the industry's needs.

*Participant Feedback:* The Agriculture industry must proactively participate in every policy idea that might impact the industry. It is important to demonstrate how policies affect agriculture's ability to remain competitive worldwide. Again, the importance of telling agriculture's story was reiterated during the participant discussion. Reform of constitutional and statutory eminent domain provisions remains a top priority for all of agriculture.

### *Speaker Takeaway Points:*

- Agriculture must support increased funding for transportation infrastructure. Our industry should carefully evaluate all options and determine which ones to support.
- Local groundwater management is under attack. Current issues with local management of groundwater are not unique to local management. The issues of how much to pump and who can pump do not resolve themselves by increasing oversight of local districts, creating regional entities, or managing groundwater at the state level. These issues will still be fought in the Legislature or in court.
- The Sunset Review Process offers many opportunities to address issues impacting agriculture. Agriculture must be diligent in participating in this process as adverse changes to policy can occur that would significantly harm our industry.

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<sup>2</sup> Panel speakers were asked to enumerate the most important aspects of their presentations. These highlights are represented in "Speaker Takeaway Points." Please note, the takeaway points were written by the panelists and may or may not reflect the views of the Texas Department of Agriculture or the Texas Agriculture Summit attendees/participating associations.

### **Session Highlights:**

- Texas agriculture must be more competitive with producers in other countries, and the state should strategically promote policies that will ensure the success of domestic agricultural producers.
- Agriculture must be prepared to collaborate and offer solutions, rather than only negative critiques, when addressing policy and legislative challenges.
- The agriculture industry should model other interest groups that work to build consensus and forge inter-organizational relationships to accomplish goals.
- Agriculture's unique nature has created laws that help promote the production of safe and reliable food and fiber supplies. The industry must remain dedicated to clearly articulating why certain laws and policies are necessary and proactively protecting them from abuse.
- The agriculture industry should establish a definition of "agricultural sustainability."
- A majority of the discussion related to messaging and education. Agriculture should increase efforts to educate policy makers, taxpayers and consumers about the importance of the agriculture industry and its impact both domestically and internationally:
  - Good stewards of the land: Producers are good stewards of natural resources, and their contributions to sustaining both human health and the quality of the environment should be promoted.
  - Economic powerhouse: Agriculture's impact should be demonstrated by using data that illustrates the industry's viability and contributions to the state and national economies.
  - Consumer/public awareness: As the population becomes further removed from the land and direct reliance on raw natural resources, agriculture should focus on educating consumers about the farming and ranching industries.

### **Texas Department of Agriculture Action Items:**

- Develop a coordinated statewide marketing and educational campaign that will bring all of Texas agriculture together under a unified message to reach consumers and policy makers.
- Identify partnerships with various stakeholder groups that are not traditionally involved in agricultural issues.
- Engage in the funding process for agriculture-related agencies and programs.
- Engage in the Sunset Commission's review process for natural resources agencies to ensure improved service for the agriculture industry.
- Identify opportunities to build consensus within the diverse agriculture industry and develop solutions to challenges facing producer groups, rural Texas and all Texans.

### **Other Issues:**

The following issues related to this breakout session's topic were identified through the 2010 Texas Agriculture Summit morning tabletop exercise and afternoon breakout session. These items present opportunities for discussion and action in the future:

- Maintaining agricultural land valuation provisions and reviewing tax appraisal district accountability standards to ensure proper administration of tax laws.
- Maintaining support for boll weevil eradication measures.
- Maintaining a producer's protection from chemical pesticides drift.
- Studying the economic impact of emerging agriculture industries, for example, grapes, wildlife and olives.
- Recognizing the impact of feral hogs on animal health, water quality and the food supply, and developing a long-term strategy for feral hog control and eradication.
- Reviewing grain indemnity fraud and bonding requirements for grain elevators.
- Promoting best management practices to reduce agriculture-induced odors.
- Increasing access to financing resources for rural projects.
- Maintaining agriculture's sales tax exemptions, while considering ways to reduce abuse, to ensure food and fiber remains affordable for consumers.
- Identifying methods to address the shortage of large animal veterinarians.



# RAISING RURAL VOICES

The 2010 Texas Agriculture Summit Raising Rural Voices breakout session focused on the challenges and concerns related to fostering the relationship between the agriculture industry and rural communities and ensuring both have the resources necessary to grow. Approximately 32 summit participants representing 30 agricultural associations, communities and educational institutions attended the session. The rural voices breakout session was moderated by Rick Rhodes with the Texas Department of Agriculture, and the topics and speakers included, respectively:

- **What can rural Texas expect from redistricting?**  
*Presented by Jason Johnson, Caddo Associates*
- **What should rural communities ask of agriculture?**  
*Presented by Carlton Schwab, Texas Economic Development Council*
- **What should agriculture ask of rural communities?**  
*Presented by Bryan Daniel, Agriculture Workers Mutual Auto Insurance*

## **Background:**

Traditionally, rural communities have depended on the agriculture industry for survival. However, a 2006 study conducted by the American Farm Bureau predicted that over the next 15 years, this relationship will shift, and “farmers will be more dependent on nearby rural communities, but these communities will be less dependent on agriculture for their economic stability.” The population changes and economic diversification that are taking place in rural Texas today support this prediction and set the stage for this breakout discussion.

## **Panel Summaries:**

### **What can rural Texas expect from redistricting? – Jason Johnson**

*Speaker Summary:* The 2010 Census will likely show that over the past 10 years dramatic increases in population have occurred in suburban areas while urban and rural areas have seen decreases in population. Due to this population shift, the prevailing thought is that rural areas will lose representation as the 2011 legislative redistricting process shifts districts into more populated regions of the state to maintain equal representation numbers. A possible strategy to ensure rural representation will not be reduced is to develop districts that combine suburban areas with less populated areas, maintaining a majority of population and landmass from rural areas. This would likely maintain the status quo in regard to rural members serving in the Texas House of Representatives (currently 39 members, according to Mr. Johnson).

*Participant Feedback:* The participants were interested in learning more about engaging in the redistricting process. The discussion focused on the availability and use of redistricting software used by the Texas Legislative Council to analyze census data and develop potential districts. The software, RedViewer, should be available following the publication of the 2010 Census in February 2011. The software allows users to create their own redistricting plans/maps, enabling citizens to voice concerns and interests to the Texas Legislature, as well as offer their own draft redistricting maps for consideration.

*Speaker Takeaway Points:*

- Rural and agricultural interests can maintain their current levels of representation in the Legislature by seeking districts that are a majority rural but incorporate suburban growth.
- This plan would be in contrast to rural-only districts.

### **What should rural communities ask of agriculture? – Carlton Schwab**

*Speaker Summary:* Rural communities should seek the expertise of agriculture because they are often the most prominent business owners/employers in the area; are often plugged in to state or national issues through their associations; and have a long-term interest in the land of rural Texas.

*Participant Feedback:* The audience echoed the panelist and discussed ways to increase agriculture's representation in the local community and other forms of policy-making bodies. Participants discussed the value of increasing agriculture's presence on economic development boards at regional/state levels and involvement in other non-agricultural related organizations, such as the chambers of commerce, to increase agriculture awareness among key decision makers. Other ideas included enhancing the agriculture story in curriculum and ag-education courses in urban school districts.

*Speaker Takeaway Points:*

- Understand the role local economic development (ED) efforts/professionals and local partnerships play in the development of rural economies.
- Understand what local ED efforts are trying to do to diversify local rural economies. Become involved!
- Work with the Texas Department of Agriculture as a liaison to the Texas Workforce Commission and the Governor's Office of Economic Development and Tourism to better familiarize themselves with how economic development works in Texas.
- Understand agriculture's role in providing opportunities for economic diversification at the local level.
- Use economic development professionals to help market agricultural products to help spur local economic growth.

### **What should agriculture ask of rural communities? – Bryan Daniel**

*Speaker Summary:* Mr. Daniel recommended that members of the agriculture industry provide leadership in rural communities by implementing several strategies, which he helped develop while working at the U.S. Department of Agriculture. The strategies include:

- Attracting job-creating investment and developing well-trained rural workforces to support that investment.
- Leveraging any financial/human resources to multiply resources;
- Investing in infrastructure (water, transportation, utilities, schools, hospitals, broadband, etc.);
- Focusing on the future, while appreciating businesses and industries that have historically been economic drivers; and
- Addressing challenges in a timely manner.

*Participant Feedback:* Participants agreed that job growth and trained workforces are vital to stabilizing and growing communities. Access to capital and other resources, such as improved broadband coverage and efficiency, are important to rural economic development.

*Speaker Takeaway Points:*

- Agriculture must continue to maintain a leadership role in rural Texas.
- Rural communities can benefit agriculture by providing a conduit to broad-based regional coalitions that can accomplish agricultural goals.

**Session Highlights:**

- There is a need to find and support natural coalitions or regional partnerships to promote agricultural interests. For example, the school finance debate saw the partnership of rural and urban school districts.
- The Texas Department of Agriculture and agriculture industry stakeholders should continue to serve as a resource to rural caucuses and other elected officials.
- Members of the agriculture industry should actively pursue opportunities to participate and serve on local, state and federal governmental boards. Additionally, public servants/governmental board members with rural and agriculture backgrounds and knowledge should be supported and sustained in their efforts to represent the needs of their area and industry.
- The FFA, 4-H and other educational programs are extremely important and should be supported and promoted. These programs expose urban students, as well as many students from rural communities, to agricultural production practices. The agriculture industry should seek ways to work with the Texas Education Agency and schools to develop curriculum changes promoting Texas agriculture.
- To achieve a comprehensive approach to promoting Texas agriculture and the rural communities upon which the industry depends, more outreach and coordination between state and national producer or stakeholder groups is necessary. Many Texas agriculture producers are familiar with local and state policies but should become more involved in the federal rulemaking process.

**Texas Department of Agriculture Action Items:**

- Develop a statewide marketing and educational campaign that will bring all of Texas agriculture together under a unified message to reach consumers and policy makers.
- Identify partnerships with various stakeholder groups that are not traditionally involved in agricultural issues.
- Engage in the redistricting process to maintain the representation of rural Texas and ensure rural areas have access to the resources necessary to maintain their economic viability.
- Continue the development of job-creation and workforce development resources for rural Texas.
- Proactively pursue federal resources designed to enhance broadband coverage and services in rural areas.

**Other Issues:**

The following issues related to this breakout session's topic were identified through the 2010 Texas Agriculture Summit morning tabletop exercise and afternoon breakout session. These items present opportunities for discussion and action in the future:

- Exploring opportunities to promote awareness of the importance and challenges of the Texas agriculture industry and rural communities in primary and secondary education venues. This initiative may include seeking expansion of vocational and technology training programs.
- Promoting the awareness of production agriculture to all segments of the public.
- Encouraging young people to consider the various job opportunities, for example, financial services, production agriculture, marketing, communications, policy, within the agriculture industry.
- Seeking partnerships among educational institutions, businesses and industry groups to teach Texas youth about economic opportunities in the agriculture industry and in rural Texas.
- Promoting job retention and development in rural Texas as a way to ensure future generations have an opportunity to remain in rural areas of the state and participate in agricultural production.



# TEXAS WATER POLICY

The 2010 Texas Agriculture Summit Water Policy Breakout Session focused on the challenges and concerns of agriculture and irrigation water users. Approximately 36 summit participants representing 31 agricultural associations, industries and educational institutions attended the session. The water policy breakout session was moderated by Jason Skaggs with the Texas and Southwestern Cattle Raisers Association, and the topics and speakers included, respectively:

- **Is groundwater a property right?**  
*Presented by Doug Caroom, Bickerstaff, Heath, Delgado, Acosta LLP*
- **How can regulation and landowners' rights be balanced?**  
*Presented by C.E. Williams, Panhandle Groundwater Conservation District*
- **What is the role of surface water in meeting state water needs?**  
*Presented by Wil Galloway, Booth, Ahrens & Werkenthin, P.C.*

## **Background:**

Water, like agriculture, touches every aspect of our lives. From groundwater to surface water to water quality and conservation, farmers and ranchers must proactively participate in the development of water policies and implementation of management strategies to maintain access to the water required to grow the food and fiber all Texans need.

## **Panel Summaries:**

### **Is groundwater a property right? – Doug Caroom**

*Speaker Summary:* The case of Edwards Aquifer Authority and the State of Texas v. Burrell Day and Joel McDaniel (EAA v. Day), which is currently pending before the Texas Supreme Court, may resolve the question of whether property owners have ownership rights, or vested property rights, in the groundwater beneath their land. Case law currently supports the position that landowners have a vested property right in the groundwater beneath their land; however, this ownership right can be reasonably regulated through water conservation/management districts. The rule of capture is a theory of tort law, establishing a landowner's recourse if harmed by the pumping of a neighboring entity.

*Participant Feedback:* The participants identified a need to define, with certainty, the rights of the property owner in regard to groundwater. Additionally, the group concluded that criteria, or a test, should be established to determine when landowners' rights in groundwater are being infringed upon or inhibited in an unconstitutional or unlawful manner.

### *Speaker Takeaway Points:*

- Approximately 100 years of Texas common law and statutes establish that landowners have a vested ownership right with regard to groundwater.
- Groundwater districts and their power have developed and continue to grow.
- EAA v. Day could have significant implications for Texas water law and other related pending cases.

### **How can regulation and landowners' rights be balanced? – C.E. Williams**

*Speaker Summary:* Groundwater conservation districts provide a unique tool for water management. Districts can be operated to balance the needs of the aquifer by establishing a basic regulatory framework and by allowing markets and property owners' rights to develop and operate within those guidelines.

*Participant Feedback:* Participants discussed the potential need for establishing legal standards to balance landowners' groundwater rights and the local groundwater conservation district's regulatory powers. Most participants support local management of water resources, believing it is the most appropriate method to balance stakeholders' interests in water. The group also discussed the difficulties groundwater conservation districts may face due to limited financial resources, which may hinder research and planning abilities. The roles of groundwater conservation districts in promoting water conservation awareness and in implementing conservation strategies were recognized.

### *Speaker Takeaway Points:*

- Groundwater districts need management philosophies that give all users a fair opportunity to access water, subject to the reasonable rules of the district, to avoid takings issues.
- Groundwater districts must have reasonable regulations that set a production level that can be modified by changed conditions in the health of the aquifer and/or better science and/or significant changes in use.
- Groundwater districts need to educate the general public, and especially the producers who are likely to be affected, about why regulation is needed, as well as how regulation is going to be accomplished.
- Education is the most critical element of any management philosophy. The struggle over how much pumping to allow now and how much water to conserve for future needs and how to accomplish these goals, is extremely difficult. No matter who makes these decisions, they are controversial and always will be. Management philosophies must be able to take all points of view into consideration.
- Groundwater regulatory systems should set the general guidelines and let the market do the fine tuning. For example, if everyone was pumping to full capacity the production allowable might be 0.4 per acre foot per acre per year to meet the district management goal. However, not everyone is producing, so a more moderate production allocation could be set, and the market will allow for the transfer of water from where it is not produced to areas of need.

### **What is the role of surface water in meeting state water needs? – Wil Galloway**

*Speaker Summary:* Some of the major themes in surface water management focus on proper implementation of the environmental flows process (established in the Texas Water Code) and efforts to access new water from out-of-state sources. In regard to the environmental flows process, agriculture must remain active and provide stakeholder input to ensure decisions on water allocations are based on sound science and accurate modeling. Additionally, Texas needs to identify new water sources to meet water demands and needs associated with the growing population. Water resources from neighboring states present potential new supplies for Texans. Accessing new supplies of surface water requires planning and investment but provides benefits to Texans by creating more opportunities for conjunctive use and alternatives to reservoir construction.

*Participant Feedback:* The participants discussed the water needs of the state and the concern that water traditionally utilized for irrigation or agricultural purposes is being converted to municipal and industrial uses. A major theme of discussion focused on agriculture's need to remain informed and monitor governmental efforts to regulate surface water. For example, legislation is pending in Congress that would redefine the definition of "navigable waters" in the Clean Water Restoration Act to expand federal regulatory authority over waters of a state.

*Speaker Takeaway Points:*

- The ongoing environmental flows process set up by Senate Bill 3 (81st Legislative Session) has the potential to take large amounts of water out of the planning process for municipal, industrial and agricultural uses, and dedicate them to freshwater inflows to bays and estuaries.
- New sources of surface water for the state could become available for municipal, industrial and agricultural uses from untapped sources such as water apportioned to Texas under the Red River Compact or water purchased from sources in neighboring states.
- The use of acquired surface water in water resource planning would not only push back the necessity for new reservoirs far into the future, but it also could virtually render the discussion about the impact of the junior water right provision on interbasin transfers a moot point.

**Session Highlights:**

- Agriculture has invested significant resources in the development and implementation of water conservation technology. It is important to communicate these efforts to the public to ensure agriculture's significant water use is not perceived as wasteful. Agriculture must ensure the public recognizes that producing food and fiber is naturally water intensive in order to keep up with consumer demand.
- Local management of water is preferred over state or federal regulation. Local control helps ensure that local needs and community input guide water policy; it also creates a need to equip local water managers with the tools required to effectively administer the resource.
- From desired future conditions to environmental flows, the agriculture industry should become more informed about and engaged in the various water management and allocation processes. These activities may take place at the local, state and/or federal levels, requiring significant coordination.
- The Legislature must clearly define the rights of property owners in the groundwater beneath their land, or the courts will do so. There is a need for clarifying the standards or criteria for evaluating the circumstances under which a groundwater right is compromised and when regulatory action should be considered an infringement, or taking, of a constitutionally vested property right.
- Funding is needed to develop new technologies that create additional water resources; promote conservation strategies to enhance existing resources; rehabilitate and construct rural water infrastructure; and finance better modeling for use in the groundwater and surface water planning process.

**Texas Department of Agriculture Action Items:**

- Support efforts to identify new technologies that will produce new sources of water.
- Tout agriculture's success in water conservation and increase the public's awareness that water resources are vital to the production of food and fiber.
- Seek ways to partner with urban areas to promote water conservation and reuse strategies.
- Work with the Water Conservation Advisory Council to establish appropriate matrices for conservation targets.
- Identify strategies to increase agriculture's representation and promote agriculture's interests in establishing the desired future conditions of the state's aquifers and resource management in the environmental flows process.
- Support local management of groundwater while recognizing private property owners' rights.
- Monitor and provide input on the federal government's regulation of state water.
- Analyze, and communicate to the public and policy makers, the economic impact of agriculture, agricultural water users and the irrigation industry.

**Other Issues:**

The following list of issues related to this breakout session's topic were identified through the 2010 Texas Agriculture Summit morning tabletop exercise and afternoon breakout session. These items present opportunities for discussion and action in the future:

- Using new technology to determine the source of water quality problems.
- Finding a balance between urban and agriculture water demands.
- Understanding how to allocate interstate water resources to meet competing demands.
- Identifying ways to access additional federal funding to comply with federal water quality mandates.
- Pursuing more economical methods of groundwater management.
- Balancing the call for reservoir construction with landowners' rights.
- Balancing the overlap between local, state and federal water management strategies.
- Exploring the implications of buying and selling water rights.



## FEDERAL FORECAST

The 2010 Texas Agriculture Summit Federal Policy Breakout Session focused on the challenges and concerns of the agriculture industry in light of federal policies and the upcoming 2012 Farm Bill. Approximately 40 summit participants representing 31 agricultural associations, industries and educational institutions attended the session. The federal breakout session was moderated by Kirby Brown with the Texas Wildlife Association, and the topics and speakers included, respectively:

- **What will federal greenhouse gas and water quality regulations mean for Texas?**  
*Presented by Chairman Bryan Shaw, Texas Commission on Environmental Quality*
- **How will new endangered species listings impact Texas producers?**  
*Presented by David Wolfe, Environmental Defense Fund*
- **What can Texas do to expand international markets?**  
*Presented by Dr. Jim Sartwelle, Texas Farm Bureau*
- **What worked in the 2008 Farm Bill and what is needed in 2012?**  
*Presented by Tom Sell, Combest, Sell and Associates*

### **Background:**

From air and water regulation to international trade to domestic food security, policies and programs of the federal government have a far-reaching effect on Texas agriculture. In the face of growing regulation and tight markets, farmers and ranchers must seek innovative solutions and new partnerships to protect and continue in agriculture industry.

### **Panel Summaries:**

#### **What will federal greenhouse gas and water quality regulations mean for Texas? – Bryan Shaw**

*Speaker Summary:* New federal regulations are placing greater burdens on Texas landowners. The primary area of concern is environmental regulation via cap and trade legislation and the U.S. Environmental Protection Agency's greenhouse gas endangerment finding. This expansion of the Clean Air Act and creation of new legislative restrictions expose the entire industry to significant red tape and fees. Additionally, these new rules will serve to drive agricultural production offshore, further increasing America's reliance on imports. Producers should also prepare for increased regulation under the Clean Water Restoration Act, which would grant regulatory authority to the federal government over any body of water in the country, including prairie potholes and other temporary bodies of water. Finally, the recent judicial decisions on National Pollutant Discharge Elimination System permitting could potentially require 70,000 Texas pesticide applicators to obtain a new permit with every application and also could reduce application below amounts that have been proven safe and effective.

*Participant Feedback:* The participants generally agreed that sound, vetted science must be the basis of all regulatory decisions and that decades-old laws, like the Clean Air Act, should not be expanded to cover environmental issues for which they are not suited. Additionally, the group discussed the need to better articulate, as an industry, that not only is agriculture respectful of and dedicated to conserving our natural resources, but more importantly, farmers and ranchers have more motive to conserve and protect the environment than possibly any other American stakeholder.

### **How will new endangered species listings impact Texas producers? – David Wolfe**

*Speaker Summary:* Increases in federal agency funding for the listing of endangered species places the spotlight of federal regulation squarely on Texas property owners. Today, the U.S. Fish and Wildlife Service (FWS) is better equipped to work alongside landowners than to enact adversarial regulations. There are opportunities for landowners to proactively encourage the growth of endangered species while also protecting the landowner from overbearing regulation. An example is FWS's Candidate Conservation Agreements with Assurances. Since federal funding, including that from Farm Bill programs, can be affected by violation of the terms of the Endangered Species Act, it is important that landowners educate themselves and take every opportunity to limit the impact of new listings.

*Participant Feedback:* Endangered species is an issue that must be addressed via proactive, collaborative, market-driven species recovery work and educational outreach. Texas has led the nation in the development of a recovery credit system that utilizes private landowner stewardship to not only protect species, but to also recover the species through this collaborative effort. Participants discussed the advantage of the outreach conducted by the Texas Parks and Wildlife Department (TPWD) and the FWS to positively impact the species without facing significant regulatory burdens.

#### *Speaker Takeaway Points:*

- Candidate Conservation Agreements with Assurances (CCAAs) are voluntary agreements where private landowners commit to enhance or maintain habitat for a currently unlisted species. The landowner in return is assured that if the species is listed in the future, the landowner will not have any species-related responsibilities beyond those already specified in the CCAA.
- Critical habitat designations for listed species do not affect private lands that have no links to federal actions or funds.
- The TPWD has developed guidelines for land managers that tell how to avoid negative impacts to listed species and their habitats while conducting agricultural and other land management operations.
- Texas has led conservation efforts for listed species using specific and targeted Farm Bill programs such as the Environmental Quality Incentives Program and the Wildlife Habitat Incentive Program. These have great potential to move species toward recovery and eventual de-listing.

### **What can Texas do to expand international markets? – Jim Sartwelle**

*Speaker Summary:* International trade continues to be an important income source for American agriculture. Last year, foreign sales of agricultural products provided \$6 billion to Texas producers alone. Increased market access is imperative to the continued success of American products. In addition to producers taking foreign trade missions to sell their products, Congress must continue to complete the ratification process of the three pending Free Trade Agreements (Columbia, Panama and South Korea). The administration must also continue to break down trade barriers not based on science.

*Participant Feedback:* There was general consensus that international trade must be a two-way street. This highlights the importance of approving the pending Free Trade Agreements, as well as identifying additional markets that have high potential to benefit Texas producers.

## What worked in the 2008 Farm Bill and what is needed in 2012? – Tom Sell

*Speaker Summary:* While the process of writing the 2008 Farm Bill was challenging, there were many positive outcomes for American agriculture. The legislative debate produced three clear successes—the disaster, conservation and crop insurance programs. The budget realities facing Congress for the 2012 iteration of the bill offer a similarly tough environment. It is important to remember that 72 percent of the funding in the farm bill is in nutrition and feeding programs. While the process is still in its early stages, Texas agriculture must start now to influence the process and ensure its needs are met in the final language of the bill.

*Participant Feedback:* With such a significant portion of the farm bill funding devoted to uses other than direct production agriculture assistance, there are groups of stakeholders not typically associated with production agriculture that are natural partners in the farm bill. The participants expressed a strong interest in the Texas Department of Agriculture coordinating the effort to harness those partnerships through outreach and education efforts. There was also a consensus that production agriculture should become more aware of the growing shift of funding away from direct agricultural assistance and into environmental stewardship incentives; more needs to be done to reveal the benefit the public receives from helping secure a continued domestic food supply through assistance programs. Overall, the group felt the challenges production agriculture faces in legislative debates like the farm bill could be mitigated by better informing the public and public policy officials about how every American depends on agriculture for basic life necessities.

### *Speaker Takeaway Points:*

- The U.S. agricultural system, built on independent competitive family enterprises that constantly seek to innovate and improve, is a great-unsung hero of our age, and U.S. farm policy has played an important role in its development.
- Many critics think otherwise and are waging well-funded and pointed campaigns to radically change the face of farming in America.
- Given the critical importance of these matters, U.S. agriculture must stand united and work harder than ever to promote an honest discussion and greater understanding of the choices we face as a society.

### **Session Highlights:**

- The reach of federal regulatory entities is expanding at concerning rates.
- The effect of federal policy issues on Texas agriculture and landowners is growing and is a strong reason for Texas agriculture to be engaged in the process.
- Federal officials need to carefully determine if a problem exists before they make drastic changes to attempt to solve perceived problems.
- Proactive measures must be taken to show how agriculture is every American's partner in providing the safest, most affordable food supply in the world, and that agriculture is doing this in a way that is respectful of all natural resources.
- The Texas agriculture industry must identify proactive strategies to complement the many defensive positions it faces.
- Building relationships with governmental agencies to educate policy makers and program administrators on agriculture's needs is essential.
- Coalitions must be fostered to achieve mutual objectives.

**TDA Action Items:**

- Coordinate across the entire Texas agriculture industry to develop a comprehensive education and outreach campaign to reach the public with information about the value, contributions and needs of the agriculture industry.
- Identify federal regulations that have negative potential for Texas agriculture and seek to resolve that negative impact.
- Continue efforts to eliminate artificial and unscientific barriers to Texas agricultural exports.

**Other Issues:**

The following issues related to this breakout session's topic were identified through the 2010 Texas Agriculture Summit morning tabletop exercise and afternoon breakout session. These items present opportunities for discussion and action in the future:

- Monitoring federal tax policy, specifically the status of the estate tax, to ensure an appropriate level of taxation and reduce unfair tax burdens for agriculture.
- Monitoring immigration policies and programs instituted by the federal government.
- Identifying means to develop more affordable energy sources.
- Monitoring horse slaughter rules and policies.
- Identifying concerns and providing input on country of origin labeling policies and rules.
- Seeking strategies to balance the needs and opportunities for the diverse agriculture industry in the context of renewable energy policy.

## **Appendix**

## Texas Agriculture Summit Participants

Agricultural Workers Mutual Auto Insurance Company  
Association of Texas Soil and Water Conservation Districts  
Association of Rural Communities in Texas  
Bluebonnet Electric Cooperative  
Corn Producers Association of Texas  
DuPont  
Exotic Wildlife Association  
Farm Credit Bank of Texas  
Gertson Farms Partnership  
Independent Cattlemen's Association of Texas  
Jackson Walker L.L.P.  
Levelland Economic Development Corporation  
Plains Cotton Cooperative Association  
Plains Cotton Growers, Inc.  
Producers Cooperative Association  
Rolling Plains Cotton Growers  
Rural Issues Consulting  
Select Milk Producers  
South Texans' Property Rights Association  
South Texas Cotton & Grain Association  
Texas AgFinance  
Texas Agricultural Aviation Association  
Texas Agricultural Cooperative Council  
Texas AgriLife Extension Service  
Texas AgriWomen, Inc.  
Texas and Southwestern Cattle Raisers Association  
Texas Association of Dairymen  
Texas Boll Weevil Eradication Foundation  
Texas Cattle Feeders Association  
Texas Citrus Mutual  
Texas Comptroller's Office  
Texas Corn Producers Board  
Texas Cotton Association  
Texas Cotton Ginners Association  
Texas Deer Association  
Texas Department of Rural Affairs  
Texas Engineering Extension Service  
Texas Farm Bureau  
Texas Forestry Association  
Texas Grain Sorghum Producers  
Texas Logging Council  
Texas Nursery & Landscape Association  
Texas Peanut Producers Board  
Texas Pecan Growers Association  
Texas Pest Management Association  
Texas Pork Producers Association  
Texas Poultry Federation  
Texas Rice Producers' Legislative Group  
Texas Sheep & Goat Raisers Association  
Texas State Soil and Water Conservation Board  
Texas Vegetable Association  
Texas Veterinary Medical Association  
Texas Water Resources Institute  
Texas Wheat Producers Association  
Texas Wildlife Association  
Texas Wine and Grape Growers Association  
U.S. Department of Agriculture - Agricultural Research Service  
U.S. Department of Agriculture - Natural Resources Conservation Service  
Vocational Agriculture Teachers Association of Texas



## BREAKOUT SESSION

# 2011 STATEHOUSE FORECAST



### **What factors will influence the landscape of the 82nd Texas Legislative Session?**

*Ken Armbrister*  
*Office of the Governor*

Senator Ken Armbrister served two terms in the Texas House of Representatives before being elected to the Texas Senate. After a distinguished 20 year's of service to the Senate of Texas, Senator Armbrister chose not to run for re-election, and retired from public office. His service to Texas did not end upon leaving the senate, as Armbrister accepted the position of Legislative Director with Governor Rick Perry's office, where he continues to fight for good public policy on behalf of all Texans. Armbrister's entire adult life has been committed to public service in Texas. He had served a total of 38 years in public service when he left the senate. Before his legislative career began, Armbrister was a Captain with the Victoria Police Department and Director of the Victoria Regional Police Training Academy. He is a graduate of Sam Houston State University and the FBI National Academy. Armbrister also served as Vice President of the Victoria Independent School District. During his tenure in the legislature he was named as one of the Top Ten best Legislators, and honored by education, medical, criminal justice and water groups, among others, for his service to Texas. Armbrister served on, and was Chairman of every major committee in the Senate, and was elected President Pro Tempore of the Senate, and served as acting Governor. Armbrister has been married to his college sweetheart, Susie, for nearly 40 years. Ken and Susie Armbrister have 2 children, Erin and Shane, both college graduates, and two grandchildren.

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### **How will declining tax revenues impact the 2011/2012 appropriations process?**

*John O'Brien*  
*Texas Legislative Budget Board*

John O'Brien is director of the Texas Legislative Budget Board. He is responsible for day-to-day management of the agency and is involved in oversight of many of the agency's functions, including preparation of budget and policy recommendations, analysis of fiscal impact of proposed legislation, and production of agency publications. O'Brien has been with the LBB since January 1989. He has worked on public education funding and school finance, and has served as liaison to the House Appropriations Committee and the Senate Finance Committee. Prior to 1989, O'Brien spent seven years with the City of Austin in various positions related to housing, community development, program analysis, planning, finance and budget. O'Brien received his B.A. from Kalamazoo College in Michigan, and he is a 1981 graduate of the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin.

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### **What are agriculture's legislative priorities?**

*Billy Howe*  
*Texas Farm Bureau*

Billy Howe is the State Legislative Director for the Texas Farm Bureau. He came to Texas Farm Bureau in September 1999 after working in the Texas House of Representatives for six years. During his time in the Texas House, Howe served as a legislative aide and chief committee clerk. He is responsible for monitoring environmental regulation, election law and natural resources issues. Howe is also responsible for supervising the legislative activities of the organization's Austin office. Howe grew up in the farming community of Itasca, Texas in the Hill County. He now resides in Austin, Texas with his wife, Courtney and their two young children.

# BREAKOUT SESSION

## RAISING RURAL VOICES



### **What can rural Texas expect from redistricting?**

Jason Johnson  
Caddo Associates

Jason Johnson is a political and public affairs consultant specializing in strategic planning, media relations, and advertising. Johnson has advised multinational corporations, trade associations and law firms in matters dealing with crisis communications and issue advocacy. Johnson has earned a 31-5 political win record, including campaigns for State Attorney General, The Supreme Court of Texas, United States Congress, State Senate, State House of Representatives, and County Judge. Prior to forming his own political consulting and public affairs company, Johnson served as Chief of Staff in the Office of Texas Attorney General Greg Abbott and Communications Director to then-State Senator Todd Staples.

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### **What should rural communities ask of agriculture?**

Carlton Schwab  
Texas Economic Development Council

Carlton Schwab became President/CEO of the Texas Economic Development Council (TEDC) on February 1, 1999. Since that time, the 900-member TEDC has developed into a recognized leader in the professional development of its members and a powerful voice for economic development policy in the state of Texas. Prior to his tenure at the TEDC, Schwab was Director of Development at the LBJ School of Public Affairs at the University of Texas at Austin (1996-1999). From 1989 to 1996, Schwab was a Director with Deloitte Touche Fantus offices in Austin and Chicago, specializing in corporate site location analysis and economic development strategic planning. Prior to his years in the management consulting business, he served as Vice President of the Lubbock Board of City Development (1986-1989), and in legislative analyst positions at the Texas State Treasury, the Texas Comptroller of Public Accounts and the Texas Senate. He holds a Master's degree from the LBJ School of Public Affairs at the University of Texas at Austin, and a Bachelor's degree from Austin College in Sherman, Texas.

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### **What should agriculture ask of rural communities?**

*Bryan Daniel*  
*Agriculture Workers Mutual Auto Insurance*

Bryan Daniel is Vice President for Business Development and a member of the Board of Directors for Agricultural Workers Mutual Auto Insurance, a company dedicated to serving the interests of professionals in agriculture. Daniel has spent more than a decade working in the public policy arena, both in Texas and Washington, DC. From 2001 to 2007 Daniel served as the Texas State Director of Rural Development for the U.S. Department of Agriculture, a position to which the George W. Bush Administration appointed him. As director, Daniel led the agency's efforts to expand the economic infrastructure in Texas. Daniel has worked for the U.S. House of Representatives' Agriculture Committee; the Texas Soil and Water Conservation Board; the National Council for Agricultural Education; and the College of Agricultural Sciences and Natural Resources at Texas Tech University. Most recently, the Professional Agricultural Workers of Texas recognized Daniel with the Distinguished Service Award from the Texas Forest Country Partnership and the Outstanding Young Agriculturist Award.



## BREAKOUT SESSION TEXAS WATER POLICY

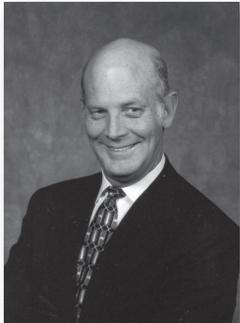


### **Is groundwater a property right?**

*Doug Caroom  
Bickerstaff Heath Delgado Acosta LLP*

Doug Caroom practices in the areas of water and environmental law, administrative law and public law. He assists municipalities, river authorities, and water districts in all phases of regulation, use and development of surface water rights and groundwater regulation, including water utility service and regulation. Caroom also represents governmental, industrial, commercial and private clients in litigation matters and administrative proceedings involving Endangered Species Act, Environmental Impact Statements, water quality permitting and enforcement, industrial and municipal solid waste, hazardous waste disposal and cleanup, and air quality.

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### **How can regulation and landowners' rights be balanced?**

*C. E. Williams, General Manager  
Panhandle Groundwater and Conversation District*

C.E. Williams is the General Manager of Panhandle Groundwater Conservation District (PGCD), and oversees all PGCD day-to-day activities, programs and employees. Williams was raised on his family farm in Carson County. He is an active member of his community serving as Deacon of the First Baptist Church. He is also a member of Groundwater Management District's Association, Texas Water Conservation Association and Texas Alliance of Groundwater Districts. He has received numerous awards, including the Texas County Agricultural Agents Association "Man of the Year in Texas Agriculture – 2008," and Epsilon Sigma Phi, National Honorary Extension Fraternity, "2003 State Friend of Extension Award."

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### **What is the role of surface water in meeting state water needs?**

*Wil Galloway  
Booth, Ahrens & Werkenthin, P.C.*

Wil Galloway is a graduate of Texas A&M University and the University of Texas School of Law. He joined the law firm of Booth, Ahrens & Werkenthin in January, 2003. Prior to joining his current firm, Galloway served as Chief of Staff for Texas Senator Todd Staples. He served Rick Perry as General Counsel of the Texas Department of Agriculture and as a legislative aide to Texas Senator Bill Sarpalius. Galloway's practice with Booth, Ahrens & Werkenthin, besides his work in water and environmental law, includes representing a number of clients before the Texas Legislature and state agencies, which include river authorities, water districts, municipalities, major Texas corporations, landowners and agricultural, and various other trade associations.



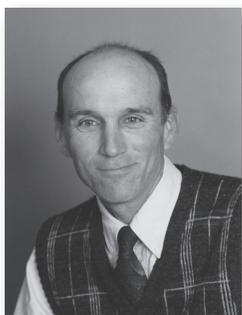
## BREAKOUT SESSION FEDERAL FORECAST



### **What will federal green house gases and water quality regulations mean for Texas?**

Bryan W. Shaw, Ph.D.  
Texas Commission on Environmental Quality

Dr. Bryan W. Shaw of Bryan, Texas was appointed to the Texas Commission on Environmental Quality by Gov. Rick Perry on Nov. 1, 2007; he was appointed chairman on Sept. 10, 2009. Shaw is an associate professor in the Biological and Agricultural Engineering Department of Texas A&M University (TAMU). Shaw was formerly associate director of the Center for Agricultural Air Quality Engineering and Science, and formerly served as Acting Lead Scientist for Air Quality and Special Assistant to the Chief of the USDA Natural Resources Conservation Service. Additionally, he is a member of the USDA - Agricultural Air Quality Task Force. Since his appointment to the TCEQ, Shaw has been appointed to serve on the Texas Environmental Flows Advisory Group and chair the Texas Advisory Panel on Federal Environmental Regulations. Shaw received a bachelor's and master's degree in agricultural engineering from TAMU and a doctorate degree in agricultural engineering from the University of Illinois at Urbana-Champaign.



### **How will new endangered species listings impact Texas producers?**

David Wolfe  
Environmental Defense Fund

David Wolfe (B.S. and M.E. Agricultural Engineering, University of Florida and M.S. Ecology, University of Georgia) is Director of Conservation Science with Environmental Defense Fund in their Austin office. For the past decade Wolfe has overseen all aspects of EDF's Landowner Conservation Assistance and Safe Harbor programs in Texas. He and his staff use a variety of incentives to encourage and enlist private landowner participation in endangered species habitat restoration and recovery. Focal species include the Golden-cheeked Warbler, Black-capped Vireo, Houston toad, Lesser Prairie Chicken and ocelot.



### **What can Texas do to increase international customers?**

*James D. (Jim) Sartwelle, III*  
Texas Farm Bureau

Jim Sartwelle is the Director of Public Policy with the Texas Farm Bureau (TFB). Sartwelle joined the TFB senior management staff in December 2009. He directs the TFB Legislative, Commodity and Regulatory Activities; and Research, Education, and Policy Development departments. He and his father operate Sartwelle Brahman Ranch, a family-owned seedstock and commercial cow-calf ranch in Sealy, Texas founded in 1914. He holds a B.S. degree from Texas A&M University and M.S. degree from Kansas State University, both in Agricultural Economics. Sartwelle previously served more than three years as the Livestock Economist for the American Farm Bureau Federation in Washington, D.C. Prior to his time with AFBF, he served as an Extension agricultural economist for 12 years, based at Garden City, Kansas; Amarillo, Texas; and College Station, Texas. Sartwelle, his wife Beth, and sons J.D. and Brock reside in Robinson, Texas.



### **What worked in the 2008 Farm Bill, and what is needed in 2012?**

*Tom Sell*  
Combest, Sell & Associates

Tom Sell is a principal in Combest, Sell & Associates, a consulting firm based in Washington, D.C., specializing in representation of agricultural and rural interests before the federal government. Sell is originally from Lubbock, Texas, and after more than eight years of public service, working for the U.S. Congress and the USDA, he returned in 2003 to pursue a law degree at Texas Tech. Tom and his wife Kyla still make their home in Lubbock where they are active in the community and busy raising their four young children: Noah, Luke, Daniel and Naomi Grace.