



TAD News

March 2006

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Animal ID: It's about our health and safety

Another BSE case recently was detected, tested and confirmed in Alabama in a beef animal thought to be about 10 years old. This would have pre-dated the restriction on the animal feed ban fed to ruminants. Also recently, the Texas Animal Health Commission (TAHC) held a public forum in Austin to hear comments regarding mandatory premise identification.

Manager's Update
John Cowan

The public response in opposition to a Texas Premise Identification program was overwhelming in contrast to those of us who spoke in favor of premise identification. TAD supports premise identification, as does the National Milk Producers Federation and many other state and national organizations for the primary reason that was brought to light with the Alabama beef animal.

When – not if – an incident occurs such as an outbreak of a contagious disease even with one animal, the impact can be devastating to global markets, affecting each and every person who depends on those markets for their livelihood. We must be able to locate, isolate and take care of the problem before any real or perceived public or food safety concern affects the marketplace.

TAHC, as a result of the significant opposition, has postponed a vote on the adoption of Premise ID. TAD will continue to work with the TAHC and other livestock groups as this issue gets sorted out.

Other key issues facing dairymen that TAD is working on include the progress being made with the Texas Commission on Environmental Quality to permit dairies in a timely manner. In Central Texas, this process is bogged down, in part, because of the state-mandated individual permit for the Bosque River watershed and the enormous
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✓ Mark Your Calendars for Spring Conferences

April 19-20: Dairy Nutrition Conference

Dairy industry consultants and producers from Texas and adjoining states will gather for the 2006 Mid-South Ruminant Nutrition Conference on April 19-20 at the Arlington Hilton at Dallas/Fort Worth International Airport.

Seven experts from across the country will present information on: Six Key Management Control Points for Maximizing Corn Silage Quality and Profitability; HBS: Etiology and Prevention; Managing Nutrition for Optimal Milk Components; Peripartum Energy Balance, Immune Function, and Uterine Health; The Latest Dairy Research Efforts from Texas A&M University; Seasonal and Environmental Effects on Energy Requirements and Performance of High-Producing Cattle; and Feed Safety.

Registration is \$80 by April 5, \$95 after.

The conference is sponsored by Extension and the Texas Animal Nutrition Council.

For more information, contact Dr. Ellen Jordan at (972) 952-9201 or e-jordan2@tamu.edu.

May 1: Texas Ag Forum

Texas commodity group and farm organization leaders have planned the 2006 Texas Ag Forum as an opportunity for Texas agriculture to come together and discuss important issues impacting future U.S. farm policy.

Scheduled for May 1 at the St. Anthony Hotel in San Antonio, the forum will feature U.S. Rep. Henry Bonilla, chairman of the House Agricultural Appropriations Subcommittee. Other speakers include Washington policy insiders, commodity group representatives, and Texas Cooperative Extension policy and trade specialists. John Cowan of TAD will be participating in a discussion panel.

Advanced registration for the Texas Ag Forum is \$65 and covers attendance and meals. To register, call (512) 450-0555. Same-day registration is \$75. A limited block of rooms will be held until March 30 at a rate of \$149 plus tax. Contact the St. Anthony at (210) 227-4392, and use the code "Texas Ag Forum" to receive the special rate.

For more information, visit, <http://agforum.tamu.edu>.

Capitol Update

By Shayne Woodard

It's official – lawmakers will converge on the Capitol for a 30-day special session on public school finance starting April 17.

The Tax Reform Commission, chaired by former Comptroller John Sharp will roll out its recommendations (alternative margins tax in lieu of the franchise tax) by the end of March. **(SEE WORKSHEET TO THE RIGHT)**

To add to the equation, news reports state that Rep. Warren Chisum (R-Pampa) recently sent an email to House members questioning why they would want to vote on a tax bill when they have \$4.3 billion in the surplus account. Chisum recommends putting \$2.5 billion of the surplus into public schools, which would lower property taxes 20 cents and would satisfy the Texas Supreme Court. Chisum's plan also would allow schools to increase their local school tax the first year by a nickel and 15 cents overall with voter approval.

Sharp and other legislative leaders think Chisum's plan still would require a tax reform bill during the next legislative session. However, Chisum believes that the state's economy is heading in the right direction and a tax bill next year might not be necessary.

As all of you know, until the gavel falls and the special session convenes, nothing is final and all of this might change.

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amount of detail work required to get a permit application ready for submission to the TCEQ.

Producers must be aware of where their process is, or face deadlines this year that could affect them. If you have an EQIP contract with certain practices, and those practices are tied to a timeline that expires in 2006, you must have that practice completed, certified and paid for or possibly find yourself in noncompliance with your EQIP contract.

If you are concerned about your situation, I urge you to call your local NRCS office and get more information. ▀



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Worksheet Calculation of Margin Tax in lieu of Franchise Tax

Total Revenue: \$ _____
SUBTRACT
Either Cost of Goods Sold or Compensation: \$ _____
Equals your Margin: \$ _____
Multiply by Apportionment Factor of _____
Equals Margin taxable in Texas: \$ _____
Multiply by tax rate of 1%* = **MARGIN TAX: \$ _____**

Definitions:

Total Revenue – all income, all sources, minus foreign income.
Cost of Goods Sold – Line 8 of Schedule A to Federal Form 1120, 1065 or 1120S.

Compensation – all salaries and wages up to \$300,000 per employee, plus all pension and healthcare benefits. Partners can include guaranteed payments to partners, up to \$300,000 per partner, as compensation. (Benefits are not subject to the per employee limit.)

Apportionment Factor – Gross receipts in Texas, divided by gross receipts in the U.S. The apportionment factor is calculated same as under current Franchise Tax. Ex: All sales in Texas, factor is 1; half sales in Texas, half in other states, factor is 0.5.

* Tax rate for wholesale, restaurants and retailers is 0.5%.

Worksheet Calculate Change in Total Tax Liability (Property tax rate is reduced to \$1.35 or \$1, franchise tax repealed, alternative margin tax enacted)

Total appraised value of your business real property
(land + improvements), business personal property, and
inventory of 2005: \$ _____
Property Tax Reduction
@ \$1.35: \$ _____
@ \$1.00: \$ _____

Change in Tax Liability:
Margin Tax: \$ _____
Minus Property Tax Reduction: \$ _____
EQUALS CHANGE IN TAX LIABILITY: \$ _____