



# TAD News

## May 2006

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## What TAD's mission really means for you

The TAD Mission Statement states "The Texas Association of Dairymen is to be the advocate, with a unified voice, for Texas dairy producers." That statement sets a high standard for us to reach, and rightly so, for any goal worth reaching requires effort and planning.

The TAD board is committed to that goal, and it is my responsibility to move that initiative forward. TAD focuses on environmental and/or animal health issues that affect your business, regardless of where your dairy is located. Gaining the trust and confidence of elected officials and regulatory agency decision makers is essential for our organization to be effective as we represent your interests.

Today, TAD is recognized in Austin at very high levels of government as a go-to organization for Texas dairy issues. Our lobbyist, Shayne Woodard, provides a local Austin contact for Texas dairymen, and, along with board members and myself, makes legislative calls on specific issues.

Through our Political Action Committee, the Texas Dairymen PAC, we have worked with elected officials, both in the Texas House and Senate and with statewide officeholders to educate them on key issues affecting your business. Our support has proven productive as a very high percentage of candidates we supported have been elected. TAD is positioned to work as we approach the November general election in Texas, when a number of key races will be decided.

We spend a lot of time with the Texas Commission on Environmental Quality (TCEQ) regulatory process. That agency has experienced personnel changes over the past year that continues to require our presence dealing with interpretations coming out of Austin.

### Manager's Update

John Cowan

## EPA finalizing first round of air agreements

The EPA Environmental Appeals Board has approved the first round of dairy Air Consent Agreements.

The EPA has mailed letters to 286 of the 600 dairies participating in the Consent Agreement to finalize the approval process.

None of the 286 agreements included any Confidential Business Information (CBI). The EPA is in the process of reviewing comments from the affected AFOs on the CBI component. Based on the comments, the EPA will determine how to proceed with the rest of the dairy Agreements that have the CBI attached.

In the EPA's letter, it requests payment for the penalty fee. Depending on the farm size, participating producers must pay a penalty so that the EPA legally can release participating dairy farms from possible past violations of the Clean Air Act, CERCLA and EPCRA.

The penalty breakdown: under 700 mature cows, \$200; 700-6,999 mature cows, \$500; 7,000 or more mature cows, \$1,000.

Questions? Contact Sanda Howland at (202) 564-5022 or Tim Sullivan at (202) 564-2723 at EPA headquarters. ■

CAFO permitting for a General Wastewater Permit in Texas, outside of Central Texas, has gone along fairly well. However, in Central Texas in the Bosque River Watershed, no CAFO Individual Permit has yet been issued. TAD continues to work with consultants, TCEQ agency staff and legislators to find solutions to the problems.

I want to list several time line dates in this newsletter for the benefit of dairymen across the state. The first key date affects dairymen in Central Texas in the Bosque River watershed who hold a contract with EQIP for their CNMP. According to the NRCS, those dairymen with EQIP contracts are required to have a CNMP completed and certified by the TSSWCB submitted to their local NRCS office by **Sept. 30**. Dairymen located in the Bosque River Watershed also are required by TCEQ to have a CNMP by **Dec. 31**.

For all other CAFOs, the Environmental Protection Agency requires those dairymen to have a Nutrient Management Plan (NMP) by the **end of December 2007**.

I urge dairymen to work with a consultant if you have one or get with someone qualified to provide you the technical expertise to comply with these required dates as soon as you can. If you find yourself in this category of dairymen and need assistance, please call or email me and I will work with you to find a solution. ■

# Capitol Update: Legislature passes tax bills with wide ramifications

By Shayne Woodard

Almost against the odds, the Texas Legislature passed the largest tax bill in state history along with the largest property tax break in state history, fixed a longstanding public school finance problem before a court-imposed deadline, increased teacher pay – and managed to adjourn the special legislative session a day early.

Now it's up to individuals, businesses, accountants and others to figure out the impact of what the Legislature did.

The tax bills are expected to bring in \$4.7 billion a year in new revenue once they take effect.

The two main tax bills (HB 1 and HB 3) are expected to drop local property taxes 50 cents per \$100 valuation by the 2007/2008 school year. Another bill, HB 2, will buy down additional property taxes with new money contained in HB 4 (the new used car tax), HB 5 (the new cigarette tax) and HB3 (the new margins tax) mentioned above.

I suspect we will see lots of unintended consequences in HB 3, the new margins tax. I know of several groups gearing up to try and clarify or make changes to the bill in the regular session of the Legislature that will begin in January 2007.

Also, contained in HB 3 is a look back provision. A report by a cross-section of as many as 3,000 largest Texas taxpayers is due in the Comptroller's office by Feb. 15, 2007, which will provide data to the Legislature on what this tax would have raised if it had been in effect for their 2006 business activity.

The Legislature will then decide whether to make additional policy changes to the statute.

Here are some details about what was passed, now that the dust has settled:

**HB 1 by Chisum (R-Pampa) and Shapiro (R-Plano)** – Portions of the budget surplus will be used to buy down local school property taxes by 17 cents for the 2006/2007 school year that begins in August 2006. This is the bill that will meet the Supreme Court's June 1 mandated deadline. The bill included a teacher pay raise and some relief for the property rich school districts that had filed the lawsuit against the state.

All school districts must reduce their 2006 maintenance and operations (m&o) property tax rates to 88.67 percent of their 2005 m&o rates. This would be a 17-cent reduction for many school districts that are currently capped at \$1.50 per \$100 valuation.

The legislation allows local taxing entities to increase taxes, but by only 4 cents. Anything above that rate will have to be approved by the local voters.

**HB 2 by Pitts (R-Waxahachie)** – Dedicates all new money raised by the new taxes (business tax, used car tax and cigarette tax increase) to property tax relief.

**HB 3 by Keffer (R-Eastland)** – New margins tax advocated by Perry was the first bill passed and sent to him for his signature.

The new business tax based on about 1 percent of a company's gross receipts with deductions for either "cost of goods sold" or payroll deduction. This will replace the existing franchise tax currently being avoided by numerous businesses in Texas.

This bill contains 33 cents of property tax relief and will become effective on Jan. 1, 2008, for the 2007/2008 school year. The first annual report or tax liability is due to the State of Texas on May 15, 2008, for business done from Jan. 1, 2007, to Dec. 31, 2007.

Sole proprietors, partnerships made up of natural persons and entities with less than \$300,000 in gross receipts are exempt from the tax.

Please contact either John Cowan or myself ([ShayneWoodard@sbcglobal.net](mailto:ShayneWoodard@sbcglobal.net)) for an instruction guide to figure your new tax liability for 2007.

**HB 4 by Swinford (R-Dumas)** – The "liar's affidavit" bill requires a sales tax to be levied on the sale of used cars.

**HB 5 by Hamric (R-Houston)** – Adds \$1 tax per pack of cigarettes.

For a more detailed look at any of the bills, visit [www.capitol.state.tx.us](http://www.capitol.state.tx.us). ▪



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