

Summary of Statement made by Texas Agriculture Commissioner Todd Staples
Hearing on “EPA’s Greenhouse Gas and Clean Air Act Regulations: A Focus on Texas’ Economy,
Energy Prices and Jobs”
Before the House Subcommittee on Energy and Power
of the House Committee on Energy and Commerce
March 24, 2011

- American agriculture produces the safest, most affordable, most reliable food supply in the world, and Texas is a major factor in production. The Long Star State leads the United States in production of cattle, cotton, sheep, goats, mohair and many other food and fiber products. Agriculture is also a very big part of the Texas economy, producing an economic impact of more than \$100 billion annually. One in seven jobs, representing 9.5 percent of the Texas economy, is attributable to agriculture.
- EPA regulation of greenhouse gases in Texas through the Clean Air Act will add an additional burden on Texas farmers and ranchers at a time when rising energy prices are already putting a crunch on agriculture. An increase in input costs for farmers and ranchers will increase the price of food for consumers at a time when many Americans face unemployment and our broader economy is fragile.
- Uncertainty of regulation threatens the health of production agriculture. In every industry, you need to know your costs to plan ahead, and that’s even more crucial in agriculture.
- If the input costs for American agriculture are higher than those in other countries, agricultural production – and American jobs – will be driven overseas. Food security is important for national security. We all understand the dangers of being dependent on foreign oil; we cannot afford to be dependent on foreign food.
- Agriculture producers have to fight pests, disease, weather and the volatility of the market. They should not have to fight their own government over burdensome regulations made as political maneuvers and based on disputed science. Greenhouse gas regulations are proven in their cost but questionable in their benefit.
- There are no greater stewards of our nation’s natural resources than farmers and ranchers. According to a recent study published by the Congressional Research Service, more than \$4 billion was invested in agriculture’s conservation efforts in 2010 alone. Farmers and ranchers have successfully and voluntarily improved water and soil quality, and measurably reduced air emissions. Texas and private industries are taking steps to improve our environment, and we need a responsible partner in our federal government. We need to work together and put the consumers, not politics, at the heart of the solution.

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Thank you, Mr. Chairman and Members of the committee, for the opportunity to testify before you today. I am Todd Staples, Commissioner of the Texas Department of Agriculture.

I am pleased to be with you today and to take this time to share the concerns of Texas agriculture producers with the many federal efforts that are underway to regulate greenhouse gases in Texas.

American agriculture produces the safest, most affordable, most reliable food supply in the world, and Texas is a major contributor to production efforts. The Lone Star State leads the nation in the production of cattle, cotton, sheep, goats, mohair and many other food and fiber products. Agriculture is also a significant sector of the Texas economy, producing an economic impact of more than \$100 billion a year. One in seven jobs, representing 9.5 percent of the Texas economy, is attributable to agriculture. It touches all parts of the Lone Star State, even right here in Houston. For example, the Port of Houston is the largest exporter of Texas agricultural products.

EPA's regulation of greenhouse gases through the Clean Air Act will have a costly and negative effect on Texas agriculture. The agency's regulations will add an increasing burden on Texas farmers and ranchers at a time when rising energy prices, coupled with increased costs for other inputs, are already pressuring farmers and ranchers, who operate on razor-thin profit margins. For agriculture, there is no choice but to absorb these increased costs or to stop producing the food we eat and the clothes we wear, or, ultimately, for consumers to pick up the tab.

The ultimate losers are the consumers. A 2006 USDA study shows Americans spent approximately \$43.4 billion for the transportation of food from farm to the consumer. The Department of Labor reports that the monthly increase in food costs has risen the highest in 36 years – all with minimal inflation. It is not a coincidence that the 3.9 percent rise in food prices in February happened at the same time as a 3.3 percent increase in energy prices. These are natural, market-driven increases. Greenhouse gas regulations will be *in addition to those*.

Uncertainty of regulation threatens the health of production agriculture. In every industry, you need to know your costs to plan ahead, and that's even more crucial in agriculture. As a savvy business associate once told me, the market can stand good news, and it can stand bad news, but it cannot stand uncertainty.

Agriculture as an industry is more vulnerable than most. The average age of a U.S. farmer or rancher is 57. They have to fight pests, plant and animal diseases, weather and the volatility of the market. They should not have to fight their own government. The role of a bureaucratic agency is not to impose a tax on the American people to pursue a political agenda or to penalize the men and women who provide the basic necessities that Americans use daily.

Since EPA began consideration of the endangerment finding, reports by various credible analysts have sounded statistical alarm bells about threats ranging from sharp declines in farm income to increases in operating costs and declines in gross domestic product as a result of the proposals designed to regulate greenhouse gas emissions.

These costs run the gamut but all prove greenhouse gas regulation will have a negative impact on agriculture:

- A study by the Fertilizer Institute demonstrated the effects of carbon regulation, which would increase costs to Texas producers anywhere from \$400 million to \$779 million, through rising expenses for inputs like fuel and fertilizer for farmers raising corn, soybeans, wheat, cotton, rice, sorghum, barley, and oats.

- An early U.S. Department of Agriculture study estimated the potential impact of an EPA's regulation of greenhouse gases on farms and ranches. The study found that if regulation were based on Clean Air Act thresholds, many small agriculture businesses would be, for the first time, subject to EPA regulation. In Texas, we estimated the following number of farms and ranches would need to seek permitting: 575 dairy facilities, 58 swine operations, 1,300 corn farmers, and 28,000 beef cattle ranchers.
- Interestingly, the authors and sponsors of cap and trade legislation proposed in a past Congress estimated costs for citizens would be about the price of a postage stamp.

EPA has implemented rules to limit the impact of greenhouse gas emission regulations as public protest has increased. The cost fluctuates, but the same truth remains constant: greenhouse gas regulation will increase costs for agriculture and ultimately consumers.

And, if the input costs for American agriculture are higher than those in other countries, it will drive agricultural production – and American jobs – overseas.

These regulations are proven in their cost but questionable in their benefit.

Generally, when an agency establishes regulations, it is attempting to achieve a positive and measurable end. We practice this at TDA. For example, before instituting a plant pest quarantine, we use science to determine if a problem truly exists; we use science to determine if there are alternatives to shutting down businesses and commerce; we use science to weigh the cost of regulation against the benefit to the agriculture industry, the environment and the consumer.

We know there are consequences for regulatory action. That's why following sound science is a fundamental principle by which regulators all across the U.S. have always lived and practiced, and EPA is abandoning these principles. In the case of greenhouse gas regulation, there is no measurable positive impact, no way to tell if the regulation is achieving a result worthy of the economic disruption it is causing.

This is not just disruption to farmers and ranchers. It is a disruption to the consumers who benefit from American agricultural products. Americans today spend less than 10 percent of their income on food. Citizens of Mexico, in comparison, spend more than 24 percent. Chinese spend more than 33 percent.

Food security is tied to national security. We all understand the dangers of being dependent on foreign oil; we cannot afford to be dependent on foreign food.

Unfortunately, EPA's history does not give us reason to believe that protecting American food security is one of their motives. We need to base regulation on protection of the consumers and on sound science, not political science.

There are no greater stewards of our nation's natural resources than farmers and ranchers. According to a recent study published by the Congressional Research Service, more than \$4.7 billion was invested in agriculture's conservation efforts in 2010 alone. In addition to federal, state and local funding, farmers and ranchers have successfully and voluntarily invested their own resources to improve water and soil quality, and measurably reduced air emissions. Texas and private industries are taking steps to improve our environment, and we need a responsible partner in our federal government. We need to work together and put the consumers, not politics, at the heart of the solution.

Thank you for the opportunity to testify. I look forward to any questions you may have.

Committee on Energy and Commerce

U.S. House of Representatives

Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

1. Your Name: <i>Commissioner Todd Staples, Texas Department of Agriculture</i>		
2. Are you testifying on behalf of the Federal, or a State or local government entity?	<input checked="" type="radio"/> Yes	<input type="radio"/> No
3. Are you testifying on behalf of an entity that is not a government entity?	<input type="radio"/> Yes	<input type="radio"/> No
4. Other than yourself, please list which entity or entities you are representing:		
5. Please list any Federal grants or contracts (including subgrants or subcontracts) that you or the entity you represent have received on or after October 1, 2008:		
6. If your answer to the question in item 3 in this form is "yes," please describe your position or representational capacity with the entity(ies) you are representing:		
7. If your answer to the question in item 3 is "yes," do any of the entities disclosed in item 4 have parent organizations, subsidiaries, or partnerships that you are not representing in your testimony?	<input type="radio"/> Yes	<input type="radio"/> No
8. If the answer to the question in item 3 is "yes," please list any Federal grants or contracts (including subgrants or subcontracts) that were received by the entities listed under the question in item 4 on or after October 1, 2008, that exceed 10 percent of the revenue of the entities in the year received, including the source and amount of each grant or contract to be listed:		

Signature: *Todd Staples*

Date: 3/22/11