

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 981 Citrus Fruit

SPONSOR(S): Grimsley

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Agriculture & Natural Resources Policy Committee		Cunningham	Reese
2) Natural Resources Appropriations Committee			
3) General Government Policy Council			
4)			
5)			

SUMMARY ANALYSIS

The bill provides that the Citrus Research and Development Foundation, Inc.<sup>1</sup> (foundation), a direct support organization of the University of Florida shall serve as the advisory council for a citrus research marketing order. The foundation is responsible for providing advice on administering the order to the Department of Agriculture and Consumer Services (department), conducting citrus research, and performing duties assigned by the department. The foundation’s board of trustees shall be composed of 13 members, including 10 citrus growers, two representatives from the University of Florida’s Institute of Food and Agricultural Sciences, and one member appointed by the Commissioner of Agriculture.

The bill provides for the collection of agricultural assessments used to defray costs associated with maketing orders to be deposited in “the appropriate trust fund” rather than the General Inspection trust fund as required by current law. The bill replaces the one cent cap on assessment imposed on citrus fruit with a requirement the rate not exceed the rate established by the marketing order.

The bill expands the types of research that may be conducted by the department.

According to the department, it will be necessary for the citrus industry to increase the assessment on the producers in order to generate additional funds for citrus research. In November 2009, industry voted in favor of the self-imposed assessment.

If the rate is set at the maximum of three cents per box, approximately \$3,000,000 would be deposited into the appropriate trust fund.

The bill has an effective date of July 1, 2010.

<sup>1</sup> Established pursuant to s. 1004.28, F.S.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

Many challenges, from weather to disease, face Florida's citrus growers. Recent freezes in Florida cost Florida an estimated 7.4 million boxes of fruit. Huanglongbing (HLB), also known as citrus greening, was discovered in Florida in 2005 and can destroy existing groves and prevent commercial production of citrus cultivars. The general control strategy is to eradicate all existing sources and replant healthy trees<sup>2</sup>. Wind, accompanied with heavy rains, and potential saltwater flooding, can wreak havoc on citrus crops<sup>3</sup>. The hurricanes of 2004-05 (Charley, Frances, Ivan and Jeanne), led to a four-fold increase in monthly detection of citrus canker that lasted 12 months as a result of the windblown rain<sup>4</sup>. Citrus canker, often spread through wind and rain, causes lesions on the fruit, defoliation of the tree, shoot die-back, and fruit drop.

In November 1991, Florida citrus growers voted to enact a citrus research order that requires a grower referendum every six years. The order established a "box tax" to help support citrus research for all growers in the state. The citrus research order covers all citrus (except limes) in the state of Florida.<sup>5</sup>

In a December 2009 referendum, Florida citrus growers voted to continue funding a self-imposed tax, which was increased from a maximum of one cent per box to a maximum of three cents per box, to support additional citrus research<sup>6</sup>. Due to the magnitude and scope of duties and responsibilities relating to the survival of the industry because of potential threats from various citrus pests and diseases, the industry recommended that a new organization be established in lieu of the Florida Citrus Production Research Advisory Council.

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<sup>2</sup> <http://edis.ifas.ufl.edu/pp133>

<sup>3</sup> <http://edis.ifas.ufl.edu/ch178>

<sup>4</sup> [http://www.ars.usda.gov/research/publications/publications.htm?SEQ\\_NO\\_115=186252](http://www.ars.usda.gov/research/publications/publications.htm?SEQ_NO_115=186252)

<sup>5</sup> <http://www.florida-agriculture.com/news/10-30-09.htm>

<sup>6</sup> <http://www.doacs.state.fl.us/press/2009/12092009.html>

## Effect of Proposed Changes

The bill provide that the Citrus Research and Development Foundation, Inc. (foundation), a direct support organization of the University of Florida, shall serve as the advisory council for a citrus research marketing order, and is responsible for:

- Providing advice on administering the order to the department;
- Conducting citrus research; and
- Performing duties assigned by the department.

The foundation's board of trustees shall be composed of 13 members, including 10 citrus growers, two representatives from the University of Florida's Institute of Food and Agricultural Sciences, and one member appointed by the Commissioner of Agriculture.

The bill amends s. 573.118, F.S., to replace the one cent per box cap on the assessment rate on citrus fruit with language limiting the rate to the amount established in the marketing order.

Currently, s. 581.031, F.S., limits research projects to citrus diseases, including but not limited to citrus canker and citrus greening. The bill amends s. 581.031, F.S., by removing "citrus diseases," thereby expanding the types of research that may be conducted by the department to any research purpose within the limits of appropriations made specifically for such purpose.

### B. SECTION DIRECTORY:

Section 1. Amends s. 573.112, F.S., providing that the Citrus Research and Development Foundation shall provide advice to the department with respect to citrus research marketing orders, conduct citrus research, and perform other duties assigned by the department.

Section 2. Amends s. 573.118, F.S., providing for the deposit of certain agricultural assessments and revising the cap on the assessment rate on citrus fruit.

Section 3. Amends s. 581.031, F.S., expanding the type of research projects that may be conducted by the department.

Section 4. Provides an effective date.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

The bill replaces the one cent per box cap on the assessment rate on citrus fruit with language limiting the rate to the amount established in the marketing order to be deposited in the appropriate trust fund and used by that entity. If the rate is set at the maximum of three cents per box, approximately \$3,000,000 would be deposited into the appropriate trust fund.

#### 2. Expenditures:

None

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None

#### 2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

According to the department, the citrus industry will have to increase the assessment to the producers in order to generate additional funds for citrus research. The industry voted, by a referendum conducted (November 16, 2009) for the self-imposed assessment. If the rate of assessment is fixed at the maximum rate established in the marketing order, it is estimated that the increase from one cent to three cents in the assessment cap would impact the citrus growers by approximately \$3,000,000 per year.

D. FISCAL COMMENTS:

None

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to affect municipal or county government.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**