

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 15A

Hurricane Impacts on Specific Agricultural Programs

SPONSOR(S): Bowen

TIED BILLS:

IDEN./SIM. BILLS: SB 16A

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Agriculture & Environment Appropriations Committee</u>	<u>11 Y, 0 N</u>	<u>Davis</u>	<u>Dixon</u>
2) <u>Fiscal Council</u>	<u></u>	<u>Davis</u>	<u>Kelly</u>
3) <u></u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

HB 15A provides a one-time appropriation totaling \$13.1 million (\$7.1 from the General Revenue Fund and \$6 million from the Contracts and Grants Trust Fund) to the Department of Agriculture and Consumer Services (DACs) for increasing inspections and control activities for citrus canker, soybean rust and the Caribbean Fruit Fly Certification program.

Additionally, the bill requires DACs to provide a report regarding the progress made to date on the eradication of citrus canker to the Executive Office of the Governor, the President of the Senate and the Speaker of the House of Representatives.

The bill shall take effect upon becoming a law.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0015Ad.FC.doc

DATE: 12/14/2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

NOTE: The Speaker of the House has adopted new House Principles to guide members in evaluating legislation during the 2002-2004 Legislature. These principles are:

Provide limited government,
Ensure lower taxes,
Safeguard individual liberty,
Promote personal responsibility,
Empower families, and
Maintain public security.

B. EFFECT OF PROPOSED CHANGES:

Citrus Canker

Citrus canker is a bacterial disease of citrus that causes premature leaf and fruit drop. It is highly contagious and can be spread rapidly by wind-borne rain, non-decontaminated lawnmowers and other landscaping equipment, people carrying the infection on their hands, clothing or equipment, or by moving infected or exposed plants or plant parts. To date, there is no known cure for citrus canker. Scientists continue to agree that the only way to eradicate the disease is to remove infected citrus trees and those located within 1900 feet of infected trees (exposed).

Florida has been battling citrus canker since 1995, when an infestation occurred in an urban backyard very near Miami International Airport. Unfortunately, the United States Department of Agriculture (USDA) and the Florida Department of Agriculture and Consumer Services (DACS) were not able to contain the disease in the urban setting.

As a response to the eradication program, the Legislature implemented a compensation program. Every homeowner who has had a citrus tree removed as part of the citrus canker eradication effort is eligible for a \$100 Shade Florida voucher for the first tree removed. The voucher can be redeemed at Walmart garden centers for trees, plants, shrubs, sod and other garden-related items. The program began in 1998 to assist homeowners in restoring some foliage to their neighborhoods. In addition to the Shade Florida voucher, property owners who have had more than one citrus tree removed are also eligible for cash payments of \$55 per tree for the second and subsequent trees removed.

The eradication program was nearly halted in November, 2000, by a Broward County Circuit Court order. Additional court orders in May, 2002, from the same judge continued to restrict eradication activity. The judge had declared unconstitutional the statute passed by lawmakers in the 2002 session, requiring the department to remove not only infected trees, but also exposed trees located within 1900 feet of infected ones.

Applying his order statewide, the judge also struck down the portion of the law that allows for search warrants for a county-wide area. In response, DACS now obtains individual search warrants to remove infected and exposed trees and to search nearby properties to determine the extent of the outbreak. However, prior to obtaining search warrants, DACS sends Public Information Officers (PIOs) door-to-door seeking homeowner permission for tree removal.

As a result of these legal actions, the program was working under severe constraints and the disease continued to spread in southeast Florida, and was even moved by property owners to several other counties.

Every order issued by the Broward Circuit Judge was subsequently overturned by the Fourth District Court of Appeal in West Palm Beach. The question of the constitutionality of the tree removal statute went before the Florida Supreme Court and the law was upheld in February, 2004. The High Court called the program a proper use of state powers.

With legal problems behind the eradication program, DACS has been able to resume an accelerated eradication program in Southeast Florida. PIOs are gathering thousands of waivers from homeowners and additional cutting crews are being hired to remove infected and exposed trees.

Today, canker eradication efforts are underway in 12 counties. Five other counties which suffered from previous outbreaks have had no new introduction of the disease. However, citrus canker was recently introduced into two new counties, Osceola and Charlotte, as a result of the four hurricanes that swept through the area. Acting swiftly, DACS inspectors located the infection there as well as in Orange and Lee counties, which have suffered re-introductions of the disease as a result of the storms.

Aggressive eradication efforts were immediately launched in these counties to prevent further spread of the disease and to quickly eradicate it.

Soybean Rust

The soybean rust pathogen (*Phakopsora pachyrhizi*), which is easily spread through wind-borne spores, is a fungus that causes small, pustular lesions on the foliage and pods of soybeans and several other legume hosts, including lima beans. In other countries, it is not unusual for this pathogen to reduce yields by half or more.

After receiving notification by Louisiana State University that soybean rust had been found in their extension service test plots, the University of Florida's Institute of Agricultural Sciences (UF/IFAS) extension agents were prompted to look in the soybean test plots in Quincy, Florida, confirming an infestation of soybean rust in Florida. The disease was also confirmed in Mississippi.

These southeastern United States discoveries are the first occurrences of soybean rust in North America. Pathologists strongly suspect that Hurricane Ivan, which hit the panhandle of Florida in mid-September, is responsible for the spread of the disease from South America.

While this is the first instance of soybean rust to be found in the United States, the detection comes at a time when most soybeans have already been harvested in the state. As a result, the impact of the fungus this season should be minimal; however, the timing gives DACS, USDA and UF/IFAS scientists time to prepare a management strategy for the 2005 crop year. Current management strategies include emphasis on early detection and timely fungicide applications. Over time, soybean rust-resistant varieties may become available. However, a coordinated approach will be required by all soybean producing states to effectively manage this disease.

Caribbean Fruit Fly Certification Program

The Caribbean Fruit Fly Certification Program (program) allows for citrus groves to be certified free of the Caribbean fruit fly so fruit can be shipped to foreign and domestic markets such as Japan, China,

Europe, California and Texas, all of which prohibit this pest. Over ten million cartons of export fruit valued at more than \$100 million are certified each year using this program.

The program is normally supported by grower's fees of \$3.50 per acre per month. There is an \$852,000 projected shortfall in the Plant Industry Trust Fund for the program as a result of the hurricanes and the projected 60 percent reduction in citrus acres that will qualify for the program and be assessed program fees.

In order to qualify for certification based on negative trapping, growers must have a minimum of 300 acres in the program. Fruit fly traps must be placed in each citrus grove and a surrounding buffer area (8,960 acres) using 15 traps per square mile. If no flies are found in the traps, the grove can be certified fly-free and the fruit may be exported.

In major production areas such as the Indian River production area and Gulf production area, groves are planted in such a manner that there is a solid planting of citrus groves, sometimes only separated by a roadway. Therefore, the buffer area for one grove is normally the neighboring grove. This enables the program to install and monitor a stationary trap array for the season that is more cost effective. A grower only pays the fees on his individual grove during the time he is actively participating in the program. He does not pay the fees if his grove is simply serving as a trapped buffer area for another grove. This fee structure is normally adequate to support all program activities.

In addition to trapping, inspectors must be present to witness harvesting operations and to ensure field boxes are correctly labeled with the fly-free certification number. Inspectors must also oversee aerial treatments and make sure that fruit is not commingled with non-certified fruit prior to shipment.

During the off-season summer months, inspectors survey the production areas for tropical fruit plants that may harbor Caribbean fruit flies to ensure these plants are removed before the next season. Inspectors also release biological control agents to control the flies.

Since almost half of the production acres will require certification this season, personnel must still service traps in citrus production areas and conduct other program activities. Some groves are not able to participate in the program at all this season because of fruit loss because of the storms. In most cases, the groves are not participating in the program as long as normal due to the small amount of fruit left to harvest and the fact that the fruit is being harvested quickly. Due to the scaled-back harvests, DACS has reduced its inspection staff by 11 FTEs.

HB 15A provides a one-time appropriation totaling \$13.1 million to DACS to address these issues outlined above. (See fiscal analysis section below for additional information.)

The legislation further instructs DACS to provide a report regarding the progress made to date on the eradication of citrus canker to the Executive Office of the Governor, the President of the Senate and the Speaker of the House of Representatives by February 11, 2005. The report must contain information related to the number of trees cut, the number of trees for which compensation was paid, the number of Shade Florida vouchers distributed, the amount of state and federal funds spent, and the funding impacts for the 2005-2006 fiscal year.

C. SECTION DIRECTORY:

Section 1: Provides legislative findings.

Section 2: Provides for the Department of Agriculture and Consumer Services to issue a report by February 11, 2005, regarding the eradication of citrus canker; providing for the report to be submitted to the Executive Office of the Governor, the President of the Senate and the Speaker of the House of Representatives; and, providing for specific information to be included in the report.

Section 3: Provides appropriations from the General Revenue Fund and the Contracts and Grants Trust Fund to DACS for specific purposes.

Section 4: Provides for notification of the appropriation allocation by the Executive Office of the Governor to the chair and vice-chair of the Legislative Budget Commission by a date certain.

Section 5: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Total Appropriation By Fund Source (millions)		Appropriation Detail By Program					
7.1	General Revenue	Citrus Canker Eradication		Soybean Rust		Caribbean Fruit Fly Cert. Pgm	
6.0	Contracts/Grants TF*	Residential	4,590,000	Surveys	177,100	Revenue Shortfall	852,000
\$ 13.1		Commercial	210,000	Diagnostic Costs	70,900	\$ 852,000	
		Shade Florida/Tree Compensation		\$ 248,000			
		Eradication and Compensation*		\$ 12,000,000			

* Budget authority to maximize anticipated federal funds.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The only perceived impact this bill appears to have on the private sector relates to controlling soybean rust. The department reports an estimated cost to the producer of \$21/acre/year to control the disease. While approximately 14,000 acres should be surveyed, it is unknown the extent to which these fungal spores will be found or if the producer will actually take action to mitigate the disease. This bill does not mandate any action in that regard.

D. FISCAL COMMENTS:

Based on these outlined, agricultural issues resulting from this year's hurricane season, this bill provides a one-time appropriation of \$13.1 million for FY 2004-05 only. As indicated in the state expenditure detail above, the appropriation should increase inspection and control activities associated with citrus canker eradication and compensation, soybean rust and the Caribbean Fruit Fly Certification program. Additionally, the Governor is allowed a 3-day notification rather than the typical 14-day

notification requirement for transferring lump sum appropriations to traditional appropriation categories. The department is also required to maximize the use of federal funds anticipated in the coming months.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. DRAFTING ISSUES OR OTHER COMMENTS:

N/A

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES