

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: General Government Appropriations Committee

BILL: SB 16-A

SPONSOR: Senator Argenziano

SUBJECT: Agricultural Programs/Hurricane Impact

DATE: December 14, 2004 REVISED: 12/15/04 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Poole</u>	<u>Poole</u>	<u>AG</u>	<u>Favorable</u>
2.	<u>Blizzard</u>	<u>Hayes</u>	<u>GA</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides legislative findings and appropriations for programs within the Department of Agriculture and Consumer Services (department) that were adversely impacted by Hurricanes Charley, Frances, Jeanne, and Ivan and Tropical Storm Bonnie, which made landfall in Florida during the 2004 hurricane season. The programs impacted by the storms include citrus canker eradication and compensation, soybean rust and Caribbean fruit fly certification.

This bill provides a lump sum appropriation of \$7.1 million from the General Revenue Fund and \$6.0 million from the Contracts and Grants Trust Fund to the Department of Agriculture and Consumer Services to address these programs impacted by the storms.

The bill requires the department to submit a report describing the progress made toward eradication of citrus canker and specific information regarding the citrus canker compensation program.

The bill requires the department to maximize federal funds for citrus canker eradication and compensation when planning expenditure of funds appropriated for these programs.

This bill creates an unspecified section of the Florida Statutes.

II. Present Situation:

During the 2004 hurricane season one tropical storm and four major hurricanes made landfall in Florida. The different sections of the state, including the central, eastern, northeastern, northwestern, and southwestern portions of the state, are now trying to recover from the cumulative impacts of the five storms. Accordingly, the Governor issued four separate Executive

orders declaring a state of emergency due to hurricanes threatening or impacting the state of Florida during the 2004 hurricane season.

On August 10, 2004, the Governor issued Executive Order 04-182 to declare a state of emergency for Tropical Storm Bonnie and Hurricane Charley which devastated communities in the southwestern and central portions of the state. On September 1, 2004, the Governor issued Executive Order 04-192 to declare a state of emergency for Hurricane Frances which devastated communities in the central, eastern, and northeastern portions of the state. On September 10, 2004, the Governor issued Executive Order 04-206 to declare a state of emergency for Hurricane Ivan which devastated communities in the northwestern portion of the state. On September 24, 2004, the Governor issued Executive Order 04-217 declaring a state of emergency for Hurricane Jeanne which devastated communities in the central, eastern, and northeastern portions of the state. The Governor has subsequently issued numerous Executive Orders pertaining to the disaster relief and aid efforts necessary to assist the communities affected by the hurricanes during the 2004 hurricane season.

On October 7, 2004, the President of the United States authorized federal funds for public assistance due to the severity and magnitude of damage and economic impacts to the affected communities. There is currently a great demand for an infusion of state, local, and federal resources to aid the communities stricken by these disasters.

Citrus Canker Eradication Program

In September, 1995, citrus canker disease was discovered in a residential area near the Miami International Airport. Subsequent to the finding of the disease, the Department of Agriculture and Consumer Services and the United States Department of Agriculture (USDA) entered into a cooperative agreement to eradicate the disease from the state. The department's eradication program covers eradication efforts for an estimated 832,000 acres of commercial and residential trees. Funding for the eradication program comes from state and federal funds which are used for surveying, tree removal, enforcement of regulations in decontaminating equipment, and for personnel in an effort to prevent the further spread of the disease. The most recent canker finds caused by the hurricanes have been located in Lee, Orange, Charlotte, Osceola, Collier and Highlands Counties. The department has estimated an additional 30,000 trees exposed to citrus canker will need to be removed due to the spread of the disease caused by the recent storms.

Citrus Canker Compensation Program

In addition to the eradication effort, the legislature implemented a state and federally funded compensation program. Historically, the state has provided eligible homeowners with a \$100 voucher from federal funds for the first tree removed and \$55 from state funds for subsequent trees removed. The hurricanes and tropical storms of the summer spread the disease at an accelerated pace creating the need for more compensation funding for the additional trees.

Soybean Rust Control

Soybean rust disease was spread into the state from South America by Hurricane Ivan. Soybean rust is a fungal spore that can be easily spread over long distances. The disease is considered one of the most serious diseases of soybeans, because it reduces farm yield from a range of 10 percent up to 80 percent. The department will mobilize survey efforts to immediately determine

the extent of the disease occurrence, coordinate diagnostic activities and conduct training of both surveyors and growers for accurate detection of the disease.

Caribbean Fruit Fly Certification Program

The Caribbean Fruit Fly Certification Program provides a means by which citrus groves can be certified as free of this fruit pest allowing shipment of Florida Citrus to foreign and domestic markets such as Japan, China, Europe, California and Texas. Over 10 million cartons of export fruit valued at more than \$100 million are certified each year using this program. An inspection fee is assessed to citrus grove owners who are members of the certification program. Under normal circumstances, citrus production revenues pay for the costs of the program. However, as a result of multiple storms causing an estimated 60 percent crop loss, inspection revenue will be lost causing a shortfall in the program.

III. Effect of Proposed Changes:

This bill provides legislative findings and appropriations for programs within the Department of Agriculture and Consumer Services that were impacted by the recent storms which made landfall in Florida during the 2004 hurricane season. Those programs include citrus canker eradication and compensation, Caribbean fruit fly certification, and the introduction of soybean rust disease into the state.

The bill:

- Appropriates for fiscal year 2004-2005, \$7.1 million from the General Revenue Fund and, \$6 million from the Contracts and Grants Trust Fund to the department to implement activities associated with citrus canker eradication, citrus canker tree compensation, soybean rust control, and Caribbean fruit fly certification.
- Directs the department to maximize available federal funds.
- Requires the department to provide a report by February 11, 2005, to the Governor, President of the Senate, and the Speaker of the House of Representatives describing the progress made on the eradication of citrus canker disease and the Tree Compensation Program in detail.
- Requires the Executive Office of the Governor to provide notice of the allocation of these funds to the Chair and Vice Chair of the Legislative Budget Commission at least three working days prior to the allocation of these funds.

The bill takes effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. **Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Citrus Canker Eradication Program:

Without the funding appropriated by this bill, the removal of citrus trees that are infected with or exposed to citrus canker will be delayed. This may not have a significant impact to the private sector, but delays such as this can result in additional disease spread and delay program objectives for a year or more. The private sector is currently spending \$37.6 million a year on citrus canker decontamination, so this would be a minimum annual impact to the industry for every year that eradication is delayed. If citrus canker is not eradicated, the estimated annual negative economic impact, in the first year alone to the citrus industry is estimated by the department to be \$352 million.

Soybean Rust Survey:

Florida currently produces 10,000 to 13,000 acres of soybeans and 35,000 acres of vegetable beans, garden peas and other legumes. There are 70 known hosts of this disease that could be impacted including certain types of garden variety beans and peas, as well as some ornamental plants such as Royal Poinciana. The estimated cost to the grower to control this disease is \$21 per acre per year. The shipment of these plants to non-infested areas could also be impacted. In areas where the disease is established, bean losses range from 10 percent to 80 percent. In Florida, bean and other legume production is valued at \$75 million.

Caribbean Fruit Fly Certification Program:

The Caribbean Fruit Fly Certification Program is the mechanism used to certify the majority of fly-free citrus fruit exported from Florida. It is the preferred method for both foreign and domestic customers. If this certification program is not available to the citrus industry, the growers would lose their competitive market in Japan. It is estimated that 4 million cartons of grapefruit would not be eligible for export this season at a loss of \$40 million since there are no viable alternative markets for grapefruit. If the program is not operational through the season and into the summer months, Japan and other countries that have to approve the program before the beginning of each season would not be in a position to do so and the private sector loss for 2005-2006 would be \$100 million.

C. Government Sector Impact:

\$7.1 million from the General Revenue Fund and \$6 million from Contracts and Grants Trust Fund is provided in lump sum to the Department of Agriculture and Consumer Services for fiscal year 2004-2005 to implement activities associated with citrus canker

eradication and tree compensation, soybean rust control, and Caribbean fruit fly certification.

The department has estimated the hurricane related fiscal impacts to include:

\$4,590,000 for canker eradication to remove an estimated 30,000 residential trees at a cost of \$153 per tree and \$210,000 for removal of trees in commercial groves.

\$1,200,000 million for tree compensation to provide a \$100 voucher for the first tree removed from a homeowner's property and \$55 for each subsequent tree removed.

\$248,000 for surveying and diagnostic testing costs to control the spread of soybean rust.

\$852,000 for the projected revenue shortfall in the Caribbean Fruit Fly Certification Program.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
