

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1427

Agritourism

SPONSOR(S): Zapata

TIED BILLS:

IDEN./SIM. BILLS: SB 2754

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Agribusiness</u>	<u>7 Y, 0 N</u>	<u>Grabb</u>	<u>Reese</u>
2) <u>Environment & Natural Resources Council</u>	<u></u>	<u>Grabb</u>	<u>Hamby</u>
3) <u>Policy & Budget Council</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

House Bill 1427 directs the Department of Agriculture and Consumer Services (department) to provide “marketing advice, technical expertise, promotional support, and product development... to assist” the Florida Commission on Tourism, the VISIT Florida program of the Florida Tourism Industry Marketing Corporation, convention and visitor bureaus, tourist development councils, economic development organizations, and local governments with development of agritourism initiatives. HB 1427 also states that the practice of agritourism can not be used to take away a piece of property’s agricultural land assessment, and that no permit, license, approval, or authorization is required to engage in agritourism. Finally, this bill also provides that it does not affect the certification required for the Florida Farm Wineries Program.

Currently, there is no consolidated effort to promote the agritourism industry within Florida. However, the Hillsborough County Farm Bureau has instituted a program to promote agritourism which was met with interest and success. Further, the University of Florida Institute of Food and Agricultural Sciences (IFAS) recently held three separate workshops on agritourism between December 2006 and February 2007.

There are two primary types of agritourism: ecotourism and heritage tourism. Ecotourism focuses on ecological activities including hiking and bird watching. Heritage tourism includes historical sites and other cultural activities. Agritourism also provides the agriculture industry with an opportunity to supplement income while also increasing recreational opportunities for the public.

When assessing property value, the property appraiser of each county in Florida must classify every piece of land within the county as agricultural or non-agricultural. The agricultural property receives what is known as the “Greenbelt” assessment. When a piece of land is classified as agricultural/Greenbelt, it is given a property value based upon its agricultural use rather than the market value of the land. By doing so, this classification provides the property with a lower property tax assessment.

Based on the department’s cost estimate, this bill appears to have a significant negative fiscal impact. The department estimates it would incur costs of approximately \$166,470 in FY 07-08 with estimated increases in future years.

HB 1427 has one amendment traveling with the bill. For an explanation of the amendment, please refer to section IV. (Amendment/Council Substitute Changes).

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government: The bill directs the Department of Agriculture and Consumer Services to assist specified entities with agritourism promotion and marketing initiatives. The Department of Agriculture and Consumer Services has indicated that this cannot be accomplished with existing resources and will require the addition of three new full time equivalent employees.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

Florida's top two industries are tourism and agriculture.¹ Agritourism is the combination of these two industries. It uses agricultural activities to entertain and educate visitors as well as to sustain agricultural resources and culture. There are two primary types of agritourism: ecotourism and heritage tourism. Ecotourism focuses on ecological activities including hiking and bird watching. Heritage tourism includes historical sites and other cultural activities. Agritourism includes activities ranging from participating in rural and farm life to classes on crafts or cooking.²

Agritourism provides the agriculture industry with an opportunity to supplement income while also increasing recreational opportunities for the public.³ A study of farms in Dade County suggests that, after the income is adjusted for increasing production costs; net farm income has actually dropped between 1997 and 2002. However, the study also indicates that farms in Vermont that have engaged in agritourism report an average income of \$8,900 from those agritourism programs.⁴

Currently, there is no consolidated effort to promote the agritourism industry within Florida.⁵ However, the Hillsborough County Farm Bureau has instituted a program to promote agritourism. The Hillsborough Farm Bureau states that this program has been met with great interest and success, and there are plans to re-instate it in the future.⁶ Further, the University of Florida Institute of Food and Agricultural Sciences (IFAS) recently held three separate workshops on agritourism between December 2006 and February 2007.⁷ These workshops provided information on opportunities for agritourism and what can be done to initiate and finance an agritourism business.⁸

Greenbelt: When assessing property value, the property appraiser of each county in Florida must classify every piece of land in their county as agricultural or non-agricultural. This is also known as the land's "Greenbelt" assessment.⁹ To be considered agricultural/Greenbelt, a portion of land must show that they are used for a bona fide agricultural purpose. Bona fide agricultural purposes mean a "good faith commercial agricultural use of the land." To make this determination, the appraiser must consider factors such as the length of time the land has been used for its current purpose, whether that use has been continuous, the price paid for the land, the size of the land in relation to its specific agricultural use, the effort made to care sufficiently and adequately for the land, whether the land is leased, and if so, the terms of the lease, and finally, any other factors that may become applicable.

¹ University of Florida, IFAS Extension. http://smallfarms.ifas.ufl.edu/environment_and_recreation/tourism/overview.html.

² Id.

³ Potential Impacts of Agritourism in South Miami-Dade County, University of Florida, IFAS Extension. <http://edis.ifas.ufl.edu/FE637>.

⁴ Id.

⁵ Conversation with Ben Parks of the Florida Farm Bureau Federation, March 16, 2007.

⁶ Conversation with Judy Whitson of the Hillsborough County Farm Bureau, March 16, 2007.

⁷ University of Florida, IFAS Extension, Advertisements for "Tourism Workshops #1-3"

⁸ Id.

⁹ 193.461, F.S.

When a piece of land is classified as agricultural/Greenbelt, it is given a property value based upon its agricultural use rather than the market value of the land.¹⁰ Such a classification provides the property with a lower property tax assessment. The type of agricultural use also impacts the assessment within the Greenbelt classification. This means that land used to grow pine trees may receive a different value than land used to produce fruit, so different types of agriculture receive different property value levels.¹¹

Currently, there is no area of Florida that requires a special license or permit to engage in agritourism.¹² However, some agritourism activities may overlap with other industries or services that are regulated. For example, agritourism businesses that involve restaurant or lodging facilities are regulated for those services in the same way that a normal business would be. Otherwise, activities such as farm tours or fruit picking do not require any type of special license or permit.¹³

There is a special certifications program for Florida Farm Wineries.¹⁴ To qualify for the Florida Farm Winery Program, a winery must produce or sell less than 250,000 gallons of wine each year, they maintain at least ten acres of vineyards in Florida, must apply for the program each year, must pay the \$100 registration fee, and must be open to the public for tours, tasting, and sales at least 30 hours a week. Wineries that participate in the Florida Farm Wineries Program then become certified Florida Farm Wineries. This means that the winery is recognized as a state tourist attraction and it may display the Florida Farm Winery logo. Further, the excess fees collected by this program are put into the Viticulture Trust Fund for development of consumer information about Florida wines.¹⁵

Proposed Changes

House Bill 1427 directs the Department of Agriculture and Consumer Services to provide “marketing advice, technical expertise, promotional support, and product development... to assist” the Florida Commission on Tourism, the VISIT Florida program of the Florida Tourism Industry Marketing Corporation, convention and visitor bureaus, tourist development councils, economic development organizations, and local governments with development of agritourism initiatives. The bill also states that the assistance is to focus on rural and urban agritourism.

The bill also provides that the practice of agritourism can not be used to take away a piece of property’s agricultural land assessment, and that no permit, license, approval, or authorization is required to engage in agritourism. Finally, this bill also provides that it does not affect the certification required for the Florida Farm Wineries Program.

C. SECTION DIRECTORY:

Section 1: Creates s. 570.96, directing the Department of Agriculture and Consumer Services to assist specified entities in agritourism promotion and marketing initiatives. It creates s. 570.961 to provide definitions for “agritourism activity,” “agritourism professional,” “farm,” and “farm operation.” It also creates s. 570.962, specifying participation requirements and the impact of agritourism participation on certain classifications and certifications.

Section 2: Provides an effective date of upon the bill becoming a law.

¹⁰ Conversation with Ben Parks of the Florida Farm Bureau Federation, March 15, 2007.

¹¹ Id.

¹² Conversation with Linda Landrum of the University of Florida’s IFAS Extension Service, March 26, 2007.

¹³ Id.

¹⁴ 599.004, F.S.

¹⁵ Id.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

Expenditures:^{16, 17}

		(FY 07-08) Amount / FTE	(FY 08-09) Amount / FTE	(FY 09-10) Amount / FTE
1.	Recurring			
	a. Salaries & Benefits - General Revenue			
	Development Representative I	\$50,250	\$103,012	\$105,587
	Art Editor	\$44,152	\$ 90,512	\$ 92,775
	Information Specialist I	\$37,220	\$ 76,302	\$ 78,210
	b. Expenses - General Revenue ¹⁸			
	Professional Expense Packages	\$19,467	\$38,934	\$38,934
	Human Resources Services	\$ 1,203	\$ 2,406	\$ 2,406
	Total Recurring Costs:	\$152,292	\$311,166	\$317,912
2.	Non-Recurring			
	Professional Expense Packages	\$ 10,278	\$ 20,556	\$ 20,556
	Professional OCO Packages	\$ 3,900	\$ 3,900	-0-
	Total Non-Recurring Costs:	\$ 14,178	\$ 24,456	\$ 20,556
	Total Recurring & Non-Recurring Costs:	\$166,470	\$335,622	\$338,468

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Unknown

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill does not have any direct costs for the private sector, but it may help encourage agritourism within Florida.

¹⁶ Department of Agriculture and Consumer Services, March 15, 2007.

¹⁷ Salaries and Benefits were increased 2.5% for the second and third years in anticipation of salary increases. In the second year, three additional positions are requested to handle the projected increase once the program is established and additional requests are received from the many organizations around the state. Standard HR, Expenses and OCO packages apply.

¹⁸ According to the Department, travel, production costs, the dissemination of materials for advertisements, brochures, posters, billboards, etc., cannot be determined at this time.

D. FISCAL COMMENTS:

Based on the department's cost estimate, this bill appears to have a significant negative fiscal impact on the General Revenue fund of approximately \$166,470 in FY 07-08 with estimated increases in future years.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. The bill does not appear to affect municipal or county government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

This bill defines the term "Agritourism professional" for ss. 570.96, 570.961, and 570.962, but it does not use this term in any of the applicable sections.

D. STATEMENT OF THE SPONSOR

No statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 21, 2007, HB 1427 was amended by the Committee on Agribusiness. This amendment changes the Department of Agriculture and Consumer Services' directive to provide marketing advice, technical expertise, promotional support, and product development related to agritourism so that it is permissive under the department's authority, instead of required. This action removes the fiscal impact to the department.

This amendment also clarifies the bill so that only the department's agritourism efforts need to be focused on fostering agritourism in rural and urban communities.