

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1097 Florida Citrus
SPONSOR(S): State Affairs Committee, Burton
TIED BILLS: IDEN./SIM. **BILLS:** SB 1002

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Environment, Agriculture & Flooding Subcommittee	14 Y, 0 N	Mamontoff	Moore
2) State Affairs Committee	21 Y, 0 N, As CS	Mamontoff	Williamson

SUMMARY ANALYSIS

The Department of Citrus (department) is an executive agency of Florida government charged with the marketing, research, and regulation of the Florida citrus industry. The department is governed by the Florida Citrus Commission (commission), a nine-member board appointed by the Governor to represent citrus growers, processors, and packers. The commission serves in the capacity of a board of directors and agency head for the department and oversees and guides the activities of the department. Each member of the commission must be a resident of the state who is and has been actively engaged in the growing, growing and shipping, or growing and processing of citrus fruit in the state for at least five years.

The bill revises the membership and qualifications of the commission. It increases the number of members on the commission from nine to 11 by increasing the number of grower members from six to seven and adding an additional member who must be classified as a packer member. The bill requires one grower member to be appointed from each of the designated citrus districts.

The bill increases the number of citrus districts from three to six and redistributes the counties that make up each district.

The bill requires certain entities that expend funds received from the State Treasury on certain citrus production research to deliver a biannual report to the commission. In addition, the bill requires any new variety of citrus fruit developed as a result of any research or study accomplished using funds from the State Treasury as well as any technology that enhances citrus fruit marketability to be made exclusively available to the department or its designee for a specified timeframe.

The bill does not appear to have a fiscal impact on the state or local governments.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Department of Citrus

The Department of Citrus (department) is an executive agency of Florida government charged with the marketing, research, and regulation of the Florida citrus industry. Its activities are funded by a tax paid by growers on each box of citrus that moves through commercial channels. Florida's citrus industry employs more than 45,000 people, provides an annual economic impact of \$8.6 billion to the state, and contributes hundreds of millions of dollars in tax revenues that help support Florida's schools, roads, and health care services.¹ The department also has extensive regulatory responsibilities, covering every aspect of the citrus industry, including research, production, maturity standards, licensing, transportation, labeling, packing, and processing.²

Florida Citrus Commission

The department is governed by the Florida Citrus Commission (commission), a nine-member board appointed by the Governor to represent citrus growers, processors, and packers.³ The commission serves in the capacity of a board of directors and agency head for the department and oversees and guides the activities of the department.⁴ Each member of the commission must be a resident of the state who is and has been actively engaged in the growing, growing and shipping, or growing and processing of citrus fruit in the state for at least five years. In addition, during the five years immediately prior to appointment, each member must have derived a major portion of her or his income from such growing, growing and shipping, or growing and processing or been the owner of, a member of, an officer of, or a paid employee of a corporation, firm, or partnership that has derived the major portion of its income from such activities.⁵

Six members of the commission must be classified as grower members. Grower members must be primarily engaged in the growing of citrus fruit as an individual owner, as the owner of or stockholder of a corporation, or as a member of a firm or partnership primarily engaged in citrus growing.⁶ Three members of the commission must be classified as grower-handler members. Grower-handler members must be primarily engaged as owners, or as paid officers or employees, of a corporation, firm, partnership, or other business unit engaged in handling citrus fruit. One grower-handler member must be primarily engaged in the fresh fruit business. The two other grower-handler members must be primarily engaged in the processing of citrus fruits.⁷

Three commission members must be appointed from each of the three statutorily designated citrus districts. Members appointed from the same citrus district must serve staggered terms, and each member must reside in the district from which she or he was appointed.⁸ Members are appointed to terms of three years.⁹

Citrus Districts

¹ Florida Department of Citrus, <https://www.floridacitrus.org/grower/about/florida-department-of-citrus> (last visited Jan. 18, 2022).

² *Id.*

³ Section 601.04, F.S.; Florida Department of Citrus, *Florida Citrus Commission*, <https://www.floridacitrus.org/grower/about/florida-citrus-commission/> (last visited Jan. 21, 2022).

⁴ *Id.*

⁵ Section 601.04(1), F.S.

⁶ Section 601.04(1)(b), F.S.

⁷ *Id.*

⁸ Section 601.04(2), F.S.

⁹ *Id.*

The state is divided into three citrus districts composed of the following counties:¹⁰

- Citrus District One: Levy, Alachua, Brevard, Putnam, St. Johns, St. Lucie, Flagler, Indian River, Marion, Seminole, Orange, Okeechobee, Polk, Volusia, and Osceola Counties.
- Citrus District Two: Hardee, DeSoto, Highlands, and Glades Counties.
- Citrus District Three: Charlotte, Citrus, Collier, Hernando, Hendry, Hillsborough, Lake, Lee, Manatee, Monroe, Martin, Pasco, Palm Beach, Pinellas, Sarasota, Sumter, Broward, and Miami-Dade Counties.

The statutory legislative intent related to citrus districts specifies that citrus districts should be reviewed and, if necessary to maintain substantially equal volumes of citrus production within each district, redistricted every five years.¹¹

Citrus Research

Current law requires the department to conduct, or cause to be conducted, a thorough and comprehensive study of citrus fruit and juice with respect to the quality and maturity of the fruit and the nutritional and other value of such fruit and juice.¹² Additionally, the department must provide suitable facilities and equipment of every kind whatsoever proper and necessary in connection with all such work.¹³

Effect of the Bill

Commission

The bill revises the membership and qualifications of the commission. Specifically, the bill increases the number of members on the commission from nine to 11 by increasing the number of grower members from six to seven and adding an additional member who must be classified as a packer member.

The bill requires one grower member to be appointed from each of the designated citrus districts. Each grower member must reside or grow citrus in the district from which she or he was appointed. The bill requires one grower member to be a grower with a citrus producing area of more than 5,001 acres who resides and grows citrus in the state.

The bill renames the “grower-handler” members as “processor” members and requires them to be engaged as owners, or as paid officers or employees, of a corporation, firm, partnership, or other business unit engaged in canning, concentrating, or otherwise processing citrus fruit for market other than for shipment in fresh fruit form.

The bill requires the newly added packer member to be engaged as an owner, or as a paid officer or employee, of a corporation, firm, partnership, or other business unit that operates as a packinghouse.¹⁴ This member must reside in the Indian River Production area of the state.

The bill specifies that members are appointed to terms of three years, except that, to establish staggered terms of members from each citrus district, the terms of the members appointed before July 1, 2022, must be as follows:

- The terms of two grower members and one packer member must expire June 30, 2022, and their successors must be appointed to terms beginning July 1, 2022, and expiring May 31, 2025.
- The terms of two grower members and one processor member must expire June 30, 2023, and their successors must be appointed to terms beginning July 1, 2023, and expiring May 31, 2026.

¹⁰ Section 601.09, F.S.

¹¹ Section 601.09(2), F.S.

¹² Section 601.13(2)(a), F.S.

¹³ *Id.*

¹⁴ Section 601.03(29), F.S., defines the term “packinghouse” to mean any building, structure, or place where citrus fruit is packed or otherwise prepared for market or shipment in fresh form.

- The terms of two grower members and one processor member must expire June 30, 2024, and their successors must be appointed to terms beginning July 1, 2024, and ending May 31, 2027.

The bill requires one grower member and one processor member to be appointed on or after July 1, 2022, with terms ending May 31, 2025.

Citrus Districts

The bill increases the number of citrus districts from three to six and redistributes the counties as follows:

- Citrus District One: Collier, Hendry, and Lee Counties.
- Citrus District Two: Charlotte and DeSoto Counties.
- Citrus District Three: Glades, Highlands, and Okeechobee Counties.
- Citrus District Four: Hardee, Hillsborough, Manatee, Pinellas, and Sarasota Counties.
- Citrus District Five: Citrus, Hernando, Levy, Osceola, Pasco, Polk, and Sumter Counties.
- Citrus District Six: Alachua, Brevard, Broward, Flagler, Indian River, Lake, Marion, Martin, Miami-Dade, Monroe, Orange, Palm Beach, Putnam, St. Johns, Seminole, St. Lucie, and Volusia Counties.

Citrus Research

The bill requires an entity that solicits research proposals and awards funding for those proposals expending funds received from the State Treasury on citrus production research conducted pursuant to ch. 573, F.S., as recommended by the Citrus Research and Development Foundation, Inc., or conducted through contract with the department, to deliver a biannual report to the commission that includes all of the following information:

- Project plans selected for funding;
- The financial status of projects;
- Current findings of the funded research;
- Availability of citrus products or application of growers' practices found through funded research; and
- The status of the commercialization process of such products or practices.

Before being released for sale to the general public, the bill requires any new variety of citrus fruit developed as a result of any research or study accomplished using any percentage of funds from the State Treasury as well as any technology that enhances the marketability of new or current citrus fruit varieties to be made available as a first option for licensing and commercialization for a period of 90 days, under commercially reasonable terms, exclusively to the department or its designee. If the department or its designee exercises such exclusive license, the commission may retain the exclusivity for up to eight years after the date of execution.

B. SECTION DIRECTORY:

- Section 1. Provides a short title.
- Section 2. Amends s. 601.04, F.S., relating to the Florida Citrus Commission.
- Section 3. Amends s. 601.09, F.S., relating to citrus districts.
- Section 4. Amends s. 601.13, F.S., relating to citrus research.
- Section 5. Amends s. 601.992, F.S., relating to the collection of dues on behalf of certain nonprofit corporations engaged in market news and grower education.
- Section 6. Reenacts s. 601.051, F.S., relating to marketing agreements.
- Section 7. Reenacts s. 601.15, F.S., relating to citrus advertising campaigns.
- Section 8. Provides an effective date of July 1, 2022.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenue in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 1, 2022, the State Affairs Committee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Removed the requirement that grower members must have a citrus producing area between 250 and 5,000 acres.
- Revised the staggered terms of commission members.
- Revised the types of entities that must deliver a report to the commission.
- Revised provisions related to exclusive licensing of new citrus fruit varieties.

- Added a provision to the bill that revises eligibility requirements of not-for-profit corporation on whose behalf the commission or the department may collect certain financial payments.

This analysis is drafted to the committee substitute as approved by the State Affairs Committee.