

**Department of Citrus
Agency Sunset Review
Issue Paper**

Background

The Florida Department of Citrus (department) regulates, conducts research for, and promotes Florida's citrus industry. The department also is responsible for implementing the policies of the Florida Citrus Commission, which serves as the agency head. The department's sources of revenue are excise taxes ("box taxes") placed on each box of citrus moved by Florida growers through commercial channels, and federal grants. For Fiscal Year 2007-08, the Legislature appropriated \$67.3 million and 76 positions for the department. Currently, the department is not subsidized with general revenue funds. ¹

The Department of Agriculture and Consumer Services (DACS) is responsible for the regulation, research, and promotion of Florida's agricultural products, including citrus. ² DACS' Fiscal Year 2007-08 appropriation of \$382.7 million and 3,813 positions, included \$169.7 million in General Revenue. DACS also receives "box taxes" from the industry to support some of its citrus activities.

While there is little direct duplication of activities, the two departments perform similar functions, as shown in the following exhibit.

Program Activities	Citrus	Agriculture and Consumer Services
Marketing	Provides domestic and international marketing services for citrus and citrus products	Provides domestic and international marketing services for hundreds of Florida commodities under the "Fresh from Florida" brand
	Conducts marketing and economic research on citrus	Conducts targeted marketing research on certain non-citrus Florida-grown commodities
Research	Conducts research focused on post-production activities such as harvesting and attributes	Conducts research focused on pre-harvest research such as citrus disease control
	Conducting study under a federal grant on using satellite imaging for developing crop estimates, including international crops	Develops official citrus crop estimates
	Performs juice adulteration testing	Conducts research on citrus disease identification Performs food (including juice) adulteration testing
Licensing	Approves licenses for citrus dealers	Issues licenses to dealers of all agricultural commodities, including citrus dealers
Regulation	Promulgates citrus industry rules	Enforces citrus industry rules and USDA or agency protocols related to citrus disease control and product monitoring
Advisory Committees	Has six advisory committees related to the citrus industry	Has five advisory committees related to the citrus industry

Source: OPPAGA analysis.

¹ This paper cites extensively from Office of Program Policy Analysis and Government Accountability Sunset Memorandum, *Department of Citrus, Options for Legislative Consideration*, November 16, 2007. Additional sources will be referenced when appropriate.

² The Department of Agriculture and Consumer Services is also responsible for ensuring the safety of Florida's food and forests and protecting Floridians from unlawful, unethical, and unsafe business practices.

Policy Issue #1 - *Should a state agency exist for the sole purpose of providing marketing and research services to the citrus industry?*

The department is unique among state agencies in that it primarily exists to regulate and promote a single agricultural product. The department was created in 1935 to help promote and regulate the citrus industry, for which the Legislature established a statutory excise tax to fund operations. This allows the citrus industry to maintain control and flexibility in marketing activities, which is the primary function of the department. Historically and currently, a majority of the department's budget has been dedicated to its marketing program, which utilizes private marketing firms.

Policy Issue #2 - *If the Legislature determines that it is in the best interest of the state to continue the Department of Citrus, should the citrus industry have the ability to periodically vote to maintain or eliminate the excise tax for marketing and research services?*

Most agricultural products are regulated and promoted via marketing orders with the federal government or DACS. Marketing orders for research and promotion programs are designed to maintain and expand domestic and foreign markets for agricultural commodities. The programs can be used to obtain funding from domestic and foreign crop producers for both generic and geographically specific advertising and research costs, and are used for a variety of agricultural products. A marketing order must be approved by a substantial majority of the eligible producers voting in a referendum. A marketing order with DACS must be approved by 65% of those voting, who represent at least 51 percent of the voting acreage. The Secretary of the U.S. Department of Agriculture determines the nature of a "substantial majority" for federal marketing orders. Most federal marketing orders appear to define substantial majority as a 2/3 vote. In addition, all marketing orders provide a mechanism for a continuation referendum that allows the industry to opt out of the program.

Recommendation

Continue the Department of Citrus. Statutorily require a continuation referendum and direct the department to canvass growers to identify the industry's preference as to who would administer a continuation referendum, how often a referendum would be carried out, and what would comprise a majority vote, and provide a proposal to the committee for consideration during the February interim committee meetings.