

Summary of Three Incentive Programs Available to Florida Citrus Growers

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This article summarizes the objectives, eligibility requirements, and applicable procedures of three incentive programs currently available to Florida citrus growers. The first two programs, the Citrus Grove Renovation/ Re-establishment Support Program and the Abandoned Grove Abatement Initiative are sponsored by the Florida Department of Agriculture and Consumer Services. The third program, the Tree Assistance Program, is sponsored by the U.S. Department of Agriculture Farm Service Agency.

Citrus Grove Renovation/ Re-establishment Support Program

In August 2016, the Florida Department of Agriculture and Consumer Services (FDACS) instituted the Citrus Grove Renovation/ Re-establishment Support Program. The objective of the program is to assist citrus growers who intend to invest in irrigation and nutrient management systems as part of their efforts to establish or re-establish citrus groves.

The proposed projects must make use of micro-jets or drip irrigation and be designed to fulfill the National Resources Conservation Service (NRCS) standards and specifications, if applicable.

Eligibility requirements

To qualify for assistance, growers need to:

1. Show proof of citrus production history since at least 2008
2. Be enrolled in the FDACS, Office of Agricultural Water Policy (OAWP), Citrus Best Management Practice (BMP) Program
3. Have a Division of Plant Industry (DPI) Compliance Agreement
4. Offer proof of a placed order for the reset trees needed to re-plant the entire block

The grove renovation project needs to be on at least 10 acres and involve a complete (not partial) replanting of blocks. In addition, it is required that the grower signs a cost-share agreement in which it is specified that:

- a) At the end of the project, the property is subject to an implementation assurance evaluation, which includes a mobile irrigation laboratory evaluation
- b) The grower must maintain the operation infrastructure for at least three years after completion

Note that the program is not retroactive. Therefore, growers who have already updated their irrigation systems are not eligible for reimbursement.

What does the program cover?

The Citrus Grove Renovation Program will reimburse growers for 100% of the costs of engineering and design of the grove rejuvenation project. In addition, the program will also cost-share 75% of the labor and material expenses that qualify for improvement of irrigation and nutrient management systems. However, the 75% cost sharing part of the program is capped at a maximum of \$250,000 per grower.

It is worth noting the Citrus Grove Renovation Program can be combined with other programs that might be available in the grower's area such as the Environmental Quality Incentives Program. However, the combined reimbursement cannot exceed 75% of eligible project costs.

The cost of engines (using any type of fuel) is eligible for cost-share reimbursement as long as the purchase is justifiable from a water-saving perspective (e.g.: automating the grove's irrigation system). However, the reimbursement for engines is capped at a maximum of \$25,000. Building protection for equipment also qualifies for cost-share reimbursement under this program.

What does the program NOT cover?

The expenses the program does not cover include, but are not limited to:

- Costs related to land preparation
- Cost of reset trees
- Construction of wells

Timeframe and deadline for completing the project

The installation of systems needs to be completed by June 30, 2017. Trees do not need to be planted by then, but the grower needs to provide proof of the purchase of the trees that will be planted in the grove.

Submission procedure

At the time of submission, proposals must include:

1. Description of project including tree density
2. Timeframe for completion
3. Map of project area
4. Two quotes for the cost-sharing part of the project

Examples

The following is an example for a 100-acre grove renovation project; its purpose is to illustrate the calculations involved in the program.

Item	Grower cost (\$)	FDACS cost sharing	FDACS amount of cost sharing (\$)	Maximum FDACS (\$)	Reimbursement to grower (\$)
Engineering and design	40,000	100%	40,000		
<i>Subtotal Engineering and design</i>	<i>40,000</i>		<i>40,000</i>	<i>n/a</i>	<i>40,000</i>
Main, sub-main and tubing	160,000	75%	120,000		
Fertilizer injection system	8,000	75%	6,000		
Automation equipment	16,000	75%	12,000		
Engine	30,000	75%	22,500	25,000	
<i>Subtotal labor and material costs</i>	<i>214,000</i>		<i>160,500</i>	250,000	<i>160,500</i>
Total	254,000		200,500		200,500

The following is an example for a 200-acre grove renovation project; its purpose is to illustrate the calculations involved in the program.

Item	Grower cost (\$)	FDACS cost sharing	FDACS amount of cost sharing (\$)	Maximum FDACS (\$)	Reimbursement to grower (\$)
Engineering and design	40,000	100%	40,000		
<i>Subtotal Engineering and design</i>	<i>40,000</i>		<i>40,000</i>	<i>n/a</i>	<i>40,000</i>
Main, sub-main and tubing	320,000	75%	240,000		
Fertilizer injection system	16,000	75%	12,000		
Automation equipment	32,000	75%	24,000		
Engine	60,000	75%	45,000	25,000	
<i>Subtotal labor and material costs</i>	<i>428,000</i>		<i>321,000</i>	250,000	<i>250,000</i>
Total	468,000		361,000		290,000

Abandoned Grove Abatement Initiative

The Florida Department of Agriculture and Consumer Services (FDACS) recognizes the risks of pest and disease associated with abandoned and unmanaged citrus groves and therefore, has put in place the Abandoned Grove Abatement Initiative. Following the original initiative and the Abandoned Grove Removal Project that was sponsored by the Huanglongbing Multi-Agency Coordination Group (HLB MAC), the State of Florida with funding from the Legislature has budgeted \$4 million for removal of abandoned groves. The funding would cover the removal of approximately 15,000 acres.

The objective of the initiative is to mitigate the impact of exotic and endemic citrus pests and diseases on commercial citrus. By identifying abandoned groves and working cooperatively with county property appraisers' offices, the FDACS provides property owners with an incentive for the removal and destruction of abandoned groves which harbor the inoculum of disease. By destroying unwanted and unproductive citrus trees, property owners will receive an Abandoned Grove Compliance Agreement.

A land owner with a current Abandoned Grove Compliance Agreement on file with the Citrus Health Response Program (CHRP), is eligible to maintain their agricultural classification (i.e.: greenbelt exemption) on that land for 5 years. However, the compliance agreement does not transfer with the sale or transfer of the land.

Definition of abandoned grove

An abandoned citrus grove is defined as a grove having no production care or commercial harvesting activities, minimal or no production value, or no longer being economically viable as a commercial citrus grove.

Eligibility requirements

To qualify for the Abandoned Grove Abatement Initiative, the grove has to be located within a Citrus Health Management Area (CHMA) and be deemed abandoned as defined above. Priority will be given to abandoned acreage that had been consented for removal by landowners under the HLB MAC Abandoned Grove Project but not removed because the budget needed for removing the total number of acres consented exceeded the funding available for that project.

The program does not include cost reimbursement on past removals, even if done recently. However, land owners that remove trees independently of the FDACS abandoned grove removal project are eligible to receive an Abandoned Grove Compliance Agreement.

Procedures

The push and burn technique will be used for removal and destruction of trees (no disking will be involved.) However, before the removal, the grove will be subject to an insecticide spray to prevent psyllids from migrating to neighboring locations. The removal of trees will occur within 30 days of the spray.

Should the total number of acres consented to be removed by landowners applying for this initiative exceed the funding available, the USDA CHMA's ranking will be used to establish the priority for removal.

Upon completion of tree removal, the land owner will be provided with an Abandoned Grove Compliance Agreement and a compliance agreement number. The qualified lands will be classified as agricultural for up to 5 years from the date the Compliance Agreement was signed at the de minimis value of up to \$50 per acre on a single year methodology, while land is fallow or otherwise non income-producing.

The statute does not provide that lands assessed under the CHRP at de minimis value will be renewed for appraisal at de minimis value after the initial 5 years.

Replanting provision

If the landowner decides to replant citrus trees, the owner may subsequently elect to re-plant citrus (only) and retain the assessed de minimis value for a total of 5 years from the date the original Abandoned Grove Compliance Agreement was signed. If instead, the landowner decides to plant a crop other than citrus, the greenbelt exemption will change to the new land use.

Tree Assistance Program for Florida Citrus Greening

On September 17, 2014 the U.S. Department of Agriculture (USDA) Farm Service Agency (FSA) announced additional support for commercial¹ Florida citrus growers to manage greening. Such support is in the form of an expanded Tree Assistance Program (TAP). The original program assisted growers in the event of a loss occurred within a single year due to a natural disaster such as a hurricane. The expanded TAP recognizes that greening affects trees over time. Therefore, the program will provide growers cost-sharing financial assistance to replace trees that meet a mortality criterion within a time period of up to six years.

Eligibility

The TAP is available for individuals or legal entities with an average annual adjusted gross income (AGI), during the last three years, of \$900,000 or less. AGI refers to taxable income; that is, gross income minus adjustments such as farm expenses, and personal deductions and exemptions.

How the program works

The grower can choose the length of the time period for which to claim a loss due to greening. That is, growers can choose to apply for TAP during any single year in which a stand sustained a mortality loss greater than 18%. Or, alternatively, growers can apply for TAP after the stand has accumulated tree mortality in excess of 18% over a period of up to six years.

To receive financial assistance, growers will first need to obtain approval from the FSA for the trees they intend to replace. Thus, an authorized FSA representative will visit the grove and

¹ To qualify as a commercial operation, fruit needs to be marketed

assess the trees' condition prior to tree removal. Citrus trees will meet the program's mortality criterion when they are either biologically dead or no longer are commercially viable due to greening.

Payments

Payments will be triggered when the stand sustains damage or mortality in excess of 18%. Therefore, the TAP will reimburse the grower for a proportion of the expenses incurred when replacing any number of trees greater than 18% for the time period for which claims are made.

The calculation for TAP payments is the lesser of the following:

- a) 65% of the actual cost of replanting and 50% of the actual cost of site preparation
- b) The maximum eligible amount established for each individual practice by FSA

In addition, payments are subject to a mandated sequestration (i.e.: reduction) of 7.3%. Table 1 shows an example of the TAP payment calculations for replacing one tree, assuming the requirement for 18% mortality has been fulfilled. Note that the FSA will examine each practice individually for computing payments.

Table 1. Example of TAP cost sharing for replacing one tree

Individual practice	(1) Grower cost per tree (\$)	(2) Grower cost per acre (\$)	(3) TAP cost sharing	(4) = (1) or (2) x (3) TAP amount of cost sharing (\$)	(5) Maximum amount FSA (\$)
Cost of reset	8		65%	5.20	8 per tree
Planting cost	2.64		65%	1.72	2 per tree
Site preparation		11.88	50%	5.94	500 per acre
Subtotal				12.86	
Sequestration 7.3%				0.94	
Total TAP payment				11.92	

Other payment considerations include the following:

1. An annual cap of 500 acres has been established on the cumulative total quantity of acres for which a grower can receive TAP payments.
2. The total payments under TAP will be capped to a maximum of \$125,000 per individual or legal entity per application.
3. There will be no partial payments. For example, growers will not receive a partial payment after site preparation is complete. They will only receive a single payment after resets are planted.
4. Resets planted under TAP that get infected by greening are not re-eligible for cost-sharing assistance due to greening for another six years.
5. The new types of trees planted may differ from those replaced if the new types have the same general end use, as determined and approved by the FSA County Committee.

6. All approved practices must be completed by the grower within 12 months of the approval of the TAP application by the FSA.
7. One-for-one. The cost-sharing program is for replacing a tree with a single tree (even if the grower replaces a tree with two or more trees to increase density).
8. There will be no financial assistance for abandoned groves.

Example

The following is an example for the calculation of the payment's trigger and its amount based on a one-acre grove.

Trigger

To qualify for assistance, the program requires the stand to sustain cumulative tree mortality over 18%. Assuming there are 100 trees in the hypothetical one-acre grove, cost-sharing payments will be triggered when the number of trees to be replaced is greater than 18 (=100 x 18%).

Payment

Assuming a total of 28 trees need to be replaced in the hypothetical grove, the expanded TAP will provide cost-sharing for the expenses related to the replacement of 23 trees (=28 x [100%-18%]). Further assuming the grower in this example has the same costs as those described in Table 1, the TAP cost-sharing payments for each practice after sequestration are as follows.

TAP payment for the cost of:

- Resets: \$110.87 (=5.2 x 23 x [100% - 7.3%])
- Planting: \$36.59 (=1.72 x 23 x [100% - 7.3%])
- Site preparation: \$126.65 (=5.94 x 23 x [100% - 7.3%])

Therefore, in this example, the total TAP payment adds up to \$274.10 per acre.

Summary

The above programs provide incentives for Florida citrus growers to establish or re-establish citrus groves, remove abandoned citrus acreage, and replant new citrus trees. All three programs provide support at the farm-level. However, we expect their effects to benefit the citrus industry as a whole by contributing to prevent further downsizing.

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