
 COL All
 CH VIIIB-2
 REDUCTIONS
 POS AMOUNT PRIORITY CODES

CITRUS, DEPT OF 57000000

PRIORITY SUMMARY NARRATIVE:

The planned appropriations request for 2009-2010 is \$67.4 million, \$131,000 greater than the current year appropriations. This will adequately support an expected 2009-2010 operating budget of approximately \$60 million, which primarily funds marketing of Florida citrus products, and a smaller allocation to support citrus research programs.

Last year the Florida citrus grower saw a tax increase of nearly 10% (total of \$0.24 per box for each box squeezed into orange juice) to support citrus research on two fronts. Mid-year the Department reduced spending of TV advertising in order to conserve funds for 2008-09 for increased research needs to combat the devastating disease of citrus greening. The per box tax rate is expected to continue into future years because of a declining crop and similar budget requirements to market Florida products and support research efforts to maintain a viable Florida citrus industry as it fights greening disease.

Because the Department's programs are directly funded by a tax on growers, any attempt to balance the general budget of the state by capturing citrus trust funds would amount to a general tax increase on a select group. The Department does not recommend reductions to the current operating budget unless acts of God take place that reduce the projected production of Florida citrus in the 2009-2010 season. To mitigate that situation the Department plans advertising programs with flexibility to reduce television and on-line media advertising without incurring penalties.

Possible Reduction Issue: 001
 Citrus Advertising Trust Fund -\$5,747,372

As with most other consumer goods at retail, the price of orange juice has increased substantially over recent years. The Department's advertising messages intend to give consumers a reason other than price to purchase and drink orange juice. With a health conscious-society, Florida orange juice is the perfect beverage to naturally provide vitamin C and other antioxidants that consumers desire.

In the event of a Florida citrus crop shortfall, orange juice television and on-line advertising would be reduced. The result would be a loss of at least 1,000 targeted rating points (TRPs), the system used by the advertising industry to measure the reach and frequency of each commercial spot. The 3,300 TRPs planned for 2009-2010 are at levels lower than 4,000 in prior years because of already reduced budgets. The impact of further reductions would affect other metrics such as reducing consumer recall of the generic orange juice message and reductions in consumer intent to purchase orange juice on their next shopping trip. This translates to lower sales of orange juice at retail stores, increased inventory build up, and ultimately lower prices to Florida citrus growers at a time when all costs are increasing.

The Department of Citrus does not recommend reductions to the 2009-2010 operating budget because of the financial consequences to the Florida citrus grower, the \$9 billion Florida citrus industry and the State of Florida.

SCHEDULE VIIIB REDUCTIONS -
 OPERATING
 POSSIBLE REDUCTION ISSUES

001 33B0000
 33B0100

TRUST FUNDS..... 5,747,372- 2000
 =====

COL A11
CH VIIIIB-2
REDUCTIONS
POS AMOUNT PRIORITY CODES

CITRUS, DEPT OF 57000000
SCHEDULE VIIIIB REDUCTIONS -
OPERATING 33B0000
POSSIBLE REDUCTION ISSUES 001 33B0100

SCH VIIIIB-2 NARR 09-10 NOTES:
Summary Narrative:

The planned appropriations request for 2009-2010 is \$67.4 million, \$131,000 greater than the current year appropriations. This will adequately support an expected 2009-2010 operating budget of approximately \$60 million, which primarily funds marketing of Florida citrus products, and a smaller allocation to support citrus research programs.

Last year the Florida citrus grower saw a tax increase of nearly 10% (total of \$0.24 per box for each box squeezed into orange juice) to support citrus research on two fronts. Mid-year the Department reduced spending of TV advertising in order to conserve funds for 2008-09 for increased research needs to combat the devastating disease of citrus greening. The per box tax rate is expected to continue into future years because of a declining crop and similar budget requirements to market Florida products and support research efforts to maintain a viable Florida citrus industry as it fights greening disease.

Because the Department's programs are directly funded by a tax on growers, any attempt to balance the general budget of the state by capturing citrus trust funds would amount to a general tax increase on a select group. The Department does not recommend reductions to the current operating budget unless acts of God take place that reduce the projected production of Florida citrus in the 2009-2010 season. To mitigate that situation the Department plans advertising programs with flexibility to reduce television and on-line media advertising without incurring penalties.

Possible Reduction Issue: 001
Citrus Advertising Trust Fund -\$5,747,372

As with most other consumer goods at retail, the price of orange juice has increased substantially over recent years. The Department's advertising messages intend to give consumers a reason other than price to purchase and drink orange juice. With a health conscious-society, Florida orange juice is the perfect beverage to naturally provide vitamin C and other antioxidants that consumers desire.

In the event of a Florida citrus crop shortfall, orange juice television and on-line advertising would be reduced. The result would be a loss of at least 1,000 targeted rating points (TRPs), the system used by the advertising industry to measure the reach and frequency of each commercial spot. The 3,300 TRPs planned for 2009-2010 are at levels lower than 4,000 in prior years because of already reduced budgets. The impact of further reductions would affect other metrics such as reducing consumer recall of the generic orange juice message and reductions in consumer intent to purchase orange juice on their next shopping trip. This translates to lower sales of orange juice at retail stores, increased inventory build up, and ultimately lower prices to Florida citrus growers at a time when all costs are increasing.

The Department of Citrus does not recommend reductions to the 2009-2010 operating budget because of the financial consequences to the Florida citrus grower, the \$9 billion Florida citrus industry and the State of Florida.
