

Agriculture in the Sunshine State: Growing for another 100 years

POLICIES AND INCENTIVES FOR A SUSTAINABLE
FLORIDA AGRICULTURE:
AN INDUSTRY VISION OF THE FUTURE

RECOMMENDATIONS FOR POLICY MAKERS

VISION STATEMENT

One hundred years from now, agriculture will still be a major pillar of Florida's economy, continuing to benefit the people of Florida.

*The **Future of Florida Agriculture Task Force** was established by the agricultural industry to address the challenges facing farmers today and in the future. The Task Force is comprised of the top management of Florida's major agricultural commodity groups, associations and agri-businesses.*

Executive Summary

ESSENTIAL GUIDING POLICIES

As one of the fastest-growing states east of the Mississippi, Florida is increasingly urbanized. Its agricultural industries remain strong and economically sound despite the pressures that growth and urbanization place on agricultural operations and infrastructure. Our political leaders and governmental agencies need to be aware of Florida's multi-faceted agricultural industry and the impact that laws and regulations may have on its sustainability. Adoption of the following Guiding Policies can help create the state government and regulatory framework necessary to sustain Florida's agricultural industries into the future. *This is not a comprehensive list of the policies required to ensure a future for Florida agriculture – but the Task Force believes it is a good start.*

Policy 1- The State of Florida should adopt the principle that agriculture is now and should continue to be a major pillar of Florida's economy. (Page 2)

Policy 2- The State of Florida, through its Water Management Districts, should recognize agriculture's judicious and efficient use of water. (Page 5)

Policy 3- The State of Florida should promulgate a policy recognizing the value of ecosystem services provided by farms and private landowners. (Page 6)

Policy 4- The State of Florida should recognize agriculture is an essential component of the Florida landscape and that property rights and profitability are essential to agriculture's sustainability. (Page 7)

Policy 5- The State of Florida should place a priority on retaining land in agricultural production rather than acquiring more public lands. (Page 7)

Policy 6- The State of Florida should provide and support those state institutions with necessary funding for research that is focused on making Florida's diverse agriculture innovative and efficient. State and local governments should also provide the infrastructure for transferring information and knowledge from the researchers to the stakeholders and general public. (Page 8)

Policy 7- The State of Florida should promulgate a policy that representatives of the agricultural sector should be included on all boards, councils and commissions charged with shaping the future of Florida. (Page 9)

Policy 8- The State of Florida should adopt a state resolution and support federal legislation recognizing that a legal and readily available work force is essential to Florida agriculture's economic viability and support. (Page 9)

Policy 9- The State of Florida should recognize the agricultural sector as a major player in the development of alternative energy and renewable fuels. (Page 10)

Policy 10- The State of Florida should continue to promote Florida agricultural products to consumers. (Page 11)

Policy 1

THE STATE OF FLORIDA SHOULD ADOPT THE PRINCIPLE THAT AGRICULTURE SHOULD RETAIN ITS POSITION AS A MAJOR PILLAR OF FLORIDA'S ECONOMY.

Agriculture is more than just agricultural production. Agriculture, natural resource and related industries produced \$133.65 billion in output or sales revenues, expressed in 2008 dollars. The total output impacts, including direct, indirect and induced effects, were estimated at \$162.7 billion.

At a time when the nation's economy is being challenged, one of the largest and most stable sectors of Florida's economy, agriculture and natural resources, continues to thrive, according to a University of Florida study released in 2010.

In fact, the \$133.65 billion annual value-added impact of agriculture, natural resource, food and fiber product manufacturing, distribution and related service industries is larger than ever, and these industries will continue to play a vital role in Florida's economy in the 21st century as they have in the past, say economists with the University of Florida's Institute of Food and Agricultural Sciences (UF/IFAS).

When industries such as construction, travel and entertainment are affected by an economic downturn, agriculture, natural resource and related industries continue to be more stable components of the state's economy.

According to a 2010 report by UF/IFAS economists using 2008 figures, this economic sector generated the second largest number of jobs in the state behind professional and technical services and ahead of real estate and financial services, construction, education and travel and entertainment.

From 2001 through 2006, Florida agriculture, natural resource and related industries grew at a rate roughly equal to overall economic growth in the state, at an annual average of about 4 percent. Moreover, these industries manage about two-thirds of the state's land area – 24 million acres – land that is critical to water supplies, water quality, pollution abatement, erosion control, shoreline protection, carbon sequestration and climate stabilization, wildlife habitat and outdoor recreation. The current study shows that in 2008 the rate of growth had slowed but continued to grow at a rate of about 3 percent. The report also showed that the agriculture and natural resources sector accounted for more than 8 percent of the state's gross state product and over 13 percent of the state's jobs.

Agriculture, natural resource and related industries not only produce food, fiber and foliage commodities, but they are closely linked to a broad range of economic sectors for food processing, wholesale and retail distribution.

In addition to farms, forests and fisheries, the economic sector includes activities such as mining, fertilizer manufacturing, sawmills, fruit and vegetable processing, landscaping, food stores, restaurants, building material and garden stores, pest control, golf courses and recreational fishing. The total economic impacts of these industry sectors were estimated using a regional input-output model, which captures the multiplier effects of the input supply chain and employee household spending.

Output, employment and value-added impacts are the three principal measures of economic activity. Industry output represents total income or sales plus inventory change. Employment includes both full-time and part-time or seasonal positions. Value-added impacts represent the value of output less the value of purchased inputs used in the production of goods or services for final consumption.

Agriculture, natural resource and related industries produced \$133.65 billion in output or sales revenues, expressed in 2008 dollars. They also generated \$29.05 billion in revenues for other economic sectors due to supply chain and employee spending multiplier effects, thereby providing nearly \$162.7 billion in total output sales. The economic sector also had foreign and domestic exports and sales outside of Florida valued at \$32.5 billion, which represents “new” money to the state and gives rise to the multiplier effects.

When it comes to value-added impacts, the industries generated \$60.9 billion in personal income and business profits, which represented 8.2 percent of the \$722 billion gross state product. The Agriculture and Natural Resources sector ranks fourth in size of Florida’s economic sectors.

Agriculture, natural resource and related industries provide direct employment of 1.3 million people in full-time and part-time jobs, representing 13.4 percent of all jobs in the state and ranking second among Florida’s top five major industry groups. Including multiplier effects, these industries generated total statewide employment impacts of nearly 1.61 million jobs. They also generated labor income impacts of \$47.04 billion and indirect taxes paid to local, state and federal governments amounting to \$9.28 billion.

SOURCE: “Economic Contributions of Agricultural, Food Manufacturing, and Natural Resource Industries in Florida in 2008,” Alan W. Hodges, Mohammad Rahmani)

WE SUPPORT THE FOLLOWING INCENTIVES RELATING TO TAXATION:

- Retain the Greenbelt classification for lands used in bona fide agricultural operations.

- Expand the current local business tax exemption for “natural persons” to include companies and corporations engaged in agriculture.
- Remove the sales tax on low-volume irrigation equipment, thereby reducing the cost of such equipment and enabling farmers to adopt water-conserving technology.
- Expand the sales tax exemption for electricity used on farms to include off-farm packinghouses.
- Exempt from sales tax parts and labor for equipment used in farming and agricultural processing.
- Implement the proposal to develop a water recharge assessment for high recharge lands (Blue Belt). Qualifying properties would have a reduced tax rate as long as they are maintained and managed for recharge.
- Exempt agricultural land from state and county fees and assessments as well as Municipal Service Taxing Units (MSTUs) for which agriculture receives no benefit.

WE SUPPORT THE FOLLOWING INCENTIVES RELATING TO STEWARDSHIP:

- Expand the current prohibition of duplication of regulation under the Agricultural Lands and Practices Act to include enforcement of any ordinance, resolution, regulation, rule or policy to prohibit, restrict, regulate or limit agricultural activities already regulated by BMPs or other regulations or entities.
- County governments should adopt agricultural stewardship programs that offer agricultural landowners grant money if they keep their land in agricultural use for up to ten years (Hillsborough County model).
- State government should support county agricultural stewardship programs by providing funding to county governments that implement county agricultural stewardship programs.
- Farmers need to be able to continue to use existing pest and disease chemicals as well as have new products developed.
- Farmers also need to be able to meet the nutritional needs of their crops. Municipal, county or state governments should not prohibit the use of fertilizers.

- As technology progresses and new crop protection and plant nutrition products become available, any governmental unit that mandates the use of the new products should cost-share with the affected farmers.
- State and county governments should encourage the establishment of processing facilities, logistics and support industries to maintain a strong infrastructure for the agricultural producer by providing economic development incentives and streamlining permitting requirements to companies that meet these objectives.
- Establish an infrastructure that facilitates the development of markets for locally grown agricultural products.

Policy 2

THE STATE OF FLORIDA, THROUGH ITS WATER MANAGEMENT DISTRICTS, SHOULD RECOGNIZE AGRICULTURE'S JUDICIOUS AND EFFICIENT USE OF WATER.

Farmers require water resources to produce crops and livestock. Appropriate amounts of quality water are essential to the long term economic health and sustainability of agriculture.

WE SUPPORT THE FOLLOWING INCENTIVES:

- Direct cost-share payments for farmers implementing approved Best Management Practices (BMPs) designed to improve water quality or quantity.
- Consumptive use permits should automatically be extended for five years for every five years a farming operation maintains water-conserving or improved irrigation efficiency BMPs.
- Establishment of a trust fund for cost-share and BMP implementation through documentary stamps and initial state funding allocations. This dedicated trust fund should be protected legislatively against trust fund raids. The trust fund should be allowed to carry surplus funds over to ensure a stable level of continued funding in the event of economic downturns.
- Policies that promote contracts governing the distribution of treated water from utilities to agricultural areas. The contract for agricultural producers should be for twenty years; pricing should be competitive with costs for pumping groundwater; and existing contract holders should have the first

opportunity to negotiate a contract extension. Participating farmers should be allowed to retain their water use permits.

- Cost-share funding should be provided for BMPs and conservation management practices implemented on the farm. This should include cost share funding for both structures and practices on an annual basis. Through this agreement, farmers will not be expected to pay for environmental benefits they create or maintain those that may be incidental to their farming operation but which benefit the citizens of Florida and the United States.
- Water Management Districts should provide funding to agricultural operations for implementing water conservation practices and technologies just as they provide public supply utilities and local municipalities cost-share dollars to build desalination plants and regional reservoirs.
- The state should develop water storage and water trading markets and incentives for farmers to utilize these markets.
- State agencies should develop and have expedited permitting requirements and procedures and provide assistance for farmers who are seeking permits.
- The various agencies should consider utilizing recognition programs such as the Farm Bureau County Alliance for Responsible Environmental Stewardship (CARES) program to recognize and provide favorable publicity to farmers who are doing a good job of implementing BMPs or conservation programs.
- As farmers implement approved BMPs, they should be released from environmental liability.
- The state should enhance the Florida Automated Weather Network (FAWN) and provide grants or funding for the development of decision-based models and tools for farmers to better manage the risks of weather, irrigation, cold protection and pests.
- Funding should be increased for Operation Cleansweep, which collects and properly disposes of cancelled, suspended or unusable pesticides. Proper disposal protects state waters. Funding should be allocated for a program to recycle pesticide containers.

Policy 3

THE STATE OF FLORIDA SHOULD PROMULGATE A POLICY RECOGNIZING THE VALUE OF ECOSYSTEM SERVICES PROVIDED BY FARMS AND PRIVATE LANDOWNERS.

Farms and private landowners provide green space, wildlife habitat, water recharge, water storage and other ecosystem services. These benefits are accrued because the landowner manages these properties well.

WE SUPPORT THE FOLLOWING INCENTIVES:

- Florida's springs are a critical component of our natural resources and agriculture continues to support legislation protecting our springs. However, Florida's springs should be individually assessed using sound science to identify any impacts to water quantity or quality. Impairments should be addressed utilizing existing regulatory tools. We do not support a plan delineating spring sheds and indiscriminately outlawing land uses within those geographical boundaries.
- Direct or indirect payments such as conservation contracts or easements of thirty years or less should be provided to landowners for maintaining wildlife habitat and wildlife on private lands.
- Permitting requirements should be streamlined for farmers changing production systems and crops within their existing farming operation.
- A "safe harbor" program should be established for landowners whose property hosts endangered species.
- State and federal policy should provide private landowners the opportunity to sell or trade credits for endangered species existing on their property.
- The State of Florida should provide incentives, such as the Rural Land Stewardship program, to private agricultural landowners so future growth protects private property rights, maintains rural property values and sets aside areas of open space necessary for Florida's environment, natural resources and agricultural economy to remain viable.

Policy 4

THE STATE OF FLORIDA SHOULD RECOGNIZE AGRICULTURE IS AN ESSENTIAL COMPONENT OF THE FLORIDA LANDSCAPE AND THAT PROPERTY RIGHTS AND PROFITABILITY ARE ESSENTIAL TO THE SUSTAINABILITY OF AGRICULTURE.

Farming is a capital-intensive business and farmers rely on credit as they produce, harvest and market crops or livestock. They rely on their land asset base as collateral for annual production loans. Regulations that impair or restrict land values act as disincentives to agricultural production. Reducing the collateral value of agricultural land diminishes assets essential to production.

WE SUPPORT THE FOLLOWING INITIATIVES:

Agricultural land values should be maintained at a market-based level that is competitive with lands adjacent to the farms.

- Allow for flexible use of the land as producers change from one crop to another and change production systems.
- Zoning or land use plans should not limit the future use of land or its value by “preserving” it only for agricultural use.

Policy 5

THE STATE OF FLORIDA SHOULD PLACE A PRIORITY ON RETAINING LAND IN AGRICULTURAL PRODUCTION RATHER THAN ACQUIRING MORE PUBLIC LANDS.

Farmers manage a substantial portion of the state’s privately held land. As the state acquires more land, management of that publicly owned land becomes increasingly problematic. This land includes wetlands, uplands and transitional lands. All of these types of land in the private sector provide an array of environmental benefits and services such as wildlife habitat, aquifer recharge and green space. Allowing private agricultural uses on these publicly owned lands, where such use is appropriate, can provide many environmental and economic benefits that enhance the management and productivity of these lands. As land moves from private ownership to public ownership, a tax burden shifts to other property owners.

WE SUPPORT THE FOLLOWING INCENTIVES:

- There should be an emphasis on management (stewardship) of working lands rather than the state or county buying more land (conservation/protection). Public lands (county, state, and federal) identified as working lands should be managed for multi-use and, where appropriate, agricultural leases should be provided.
- Leases with farmers should be allowed where appropriate as good management practices on public lands.
- Honeybee leases should be allowed on public lands.
- Public leases bid out for public lands should be evaluated based on the management practices, costs and benefits to the property and not solely on the bid amount.

Policy 6

THE STATE OF FLORIDA SHOULD PROVIDE AND SUPPORT THOSE STATE INSTITUTIONS WITH NECESSARY FUNDING FOR RESEARCH THAT IS FOCUSED ON MAKING FLORIDA’S DIVERSE AGRICULTURE INDUSTRY EVEN MORE INNOVATIVE AND EFFICIENT. THE STATE AND LOCAL GOVERNMENTS SHOULD ALSO PROVIDE INFRASTRUCTURE FOR TRANSFERRING INFORMATION AND KNOWLEDGE FROM RESEARCHERS TO THE STAKEHOLDERS AND GENERAL PUBLIC.

In the future, new and emerging crops could reduce the environmental footprint of agriculture, allow for reduced water use, allow the storage of water in a crop field, provide medications to protect healthy populations or provide cures for illnesses. These new and emerging crops, along with traditional crops and livestock, will provide a strong agricultural base for the future.

WE SUPPORT THE FOLLOWING INCENTIVES:

- Research funding for Florida’s public land grant institutions to develop new crops, grants to develop specific technology for production systems, new uses and crop variety development and support to create market demand for those crops.

- Increased funding for research on pest and disease control systems and processes as well as research on exotic pest and disease threats from offshore.
- Increased funding for plant breeding programs at Florida's public land grant institutions.
- Support for biotechnology and the production of genetically modified plants or crops.
- Continued state and local funding for the Cooperative Extension Service to take applied research to the farmers and agri-business so it can be implemented in the field.
- Development of a marketing assistance program to help farmers and agri-business identify markets to sell new and emerging crops.
- Development of a funded program to train farmers in developing business and marketing plans.
- Development of a funded, specialized financial and marketing training program for new, young or minority farmers.

Policy 7

THE STATE OF FLORIDA SHOULD PROMULGATE A POLICY THAT REPRESENTATIVES OF THE AGRICULTURAL SECTOR SHOULD BE INCLUDED ON ALL BOARDS, COUNCILS AND COMMISSIONS CHARGED WITH SHAPING THE FUTURE OF THE STATE.

Florida policy makers are planning and implementing policy that will shape Florida's future. Agriculture should be consulted and recognized as a major factor in growth, development and the economy as Florida speeds through the 21st century. Policymakers should make a conscious effort to include representatives from the agriculture sector in these discussions and debate.

WE SUPPORT THE FOLLOWING INITIATIVES TO INCLUDE BUT NOT BE LIMITED TO:

- An agricultural leader(s) should be appointed to the Century Commission.
- An agricultural leader(s) should be appointed to the Florida Energy Council.
- An agricultural leader(s) should be appointed to Enterprise Florida.

- An agricultural leader(s) should be appointed to Water Management Districts
- Agricultural leaders should also be appointed to other commissions, boards and study groups that may affect the future of Florida.

Policy 8

THE STATE OF FLORIDA SHOULD ADOPT A STATE RESOLUTION AND SUPPORT FEDERAL LEGISLATION RECOGNIZING THAT A LEGAL AND READILY AVAILABLE WORK FORCE IS ESSENTIAL TO FLORIDA AGRICULTURE'S ECONOMIC VIABILITY.

Just as agriculture is capital-intensive, it is also labor-intensive. A readily available legal work force is necessary for agriculture to be sustainable. In the future there may be opportunities to mechanize certain farm tasks and reduce the labor needs of farms. This will require a tremendous amount of research, and individual producers cannot afford to fund it. This research will help the agricultural industry to mechanize, which in turn will increase the need for highly skilled labor to operate and maintain the equipment.

WE SUPPORT THE FOLLOWING INCENTIVES:

- State support for a federal policy that would provide for a legal, readily available work force.
- Local, county, state and federal government partnerships with agriculture to develop housing for legal farmworkers.
- The State should pre-empt local regulations adversely affecting establishment of farmworker housing.
- The State of Florida, through the Florida Housing Finance Corporation, should aggressively fund, encourage and facilitate public-private partnerships that develop safe and affordable housing for farmworkers.

Policy 9

THE STATE OF FLORIDA SHOULD RECOGNIZE THE AGRICULTURAL SECTOR AS A MAJOR PLAYER IN THE DEVELOPMENT OF ALTERNATIVE ENERGY AND FUELS FROM RENEWABLE SOURCES.

Agriculture has the potential to become a major producer of renewable energy for Florida and our nation. Florida farmers are uniquely positioned to take advantage of new technologies and long growing seasons to produce feed stocks for renewable energy. This would potentially develop new crops and markets for Florida's farmers.

WE SUPPORT THE FOLLOWING INCENTIVES:

- Legislation that encourages agricultural-based energy production, such as net metering, research and cost assistance to producers to foster bio-energy production or conservation and carbon sequestration.
- The development of tax breaks, low-interest loans and state grants for farmers, cooperatives and agri-businesses to develop alternative energy such as ethanol, bio-diesel, methane gas and/or electricity.
- Require net metering and authorize the farm or agri-business to sell electricity to utility companies at a price level somewhere above the "avoided cost/wholesale" price.
- Adopt legislation that includes agriculture when establishing carbon markets and allows farmers to sell carbon credits from their farms.
- Authorize farmers and ranchers to participate in any potential carbon mitigation fund.
- The state should develop and facilitate public/private partnerships to assist the development of emerging or potential markets and technologies that agricultural producers and agri-businesses could utilize.

Policy 10

THE STATE OF FLORIDA SHOULD CONTINUE TO PROMOTE FLORIDA AGRICULTURAL PRODUCTS TO CONSUMERS.

WE SUPPORT THE FOLLOWING INITIATIVES:

- The Florida Department of Citrus promotes Florida citrus products and should continue its efforts at the direction of the Florida Citrus Commission.
- The Florida Department of Agriculture and Consumer Services should continue to promote and market Florida agricultural products.
- The Fresh From Florida marketing program should be maintained within FDACS and expanded.
- There should be a dedicated rural economic development program within FDACS that could work with economic development staff at the county and regional levels. This program should look for ways to enhance existing markets and develop new markets for agricultural producers.
- The State should provide technical assistance to farmers and agribusinesses that want to develop export markets.