

N. Larry Black, Jr.
Testimony for the
U.S. House of Representatives Committee on Small Business
June 11, 2015
Challenges for Small Florida Growers

Chairman Curbelo and Ranking Member Meng, Good morning, I am Larry Black and I appreciate the opportunity to speak on behalf of the 6,000 Florida Citrus Growers. I am the current President of Florida Citrus Mutual and General Manager of Peace River Packing Company. My family settled in central Florida and began growing citrus in the 1850s. Our company employs 185 Floridians and is the largest employer in the small community of Fort Meade.

The citrus industry is a powerful economic engine contributing \$10 billion annually to the Florida's economy and provides 62,000 jobs. The Florida citrus industry covers 515,000 acres and is the largest agriculture crop produced in the state.

The industry is rich in traditions and is truly a way of life for my family and many other multi-generational family farms around the state.

At our industry's peak, just 12 years ago, we produced over 240 million boxes of oranges on just under 800,000 acres of groves. Today, the USDA forecasts we will harvest only 96.4 million boxes of oranges, 60% less than our peak harvest.

Some of the decrease in acreage is due to the development boom and a series of hurricanes in the last decade. The vast majority of the production losses are due to Huanglongbing, known as HLB or citrus greening. HLB is a bacteria that attacks the vascular system of the tree that is spread by an insect vector known as the Asian Citrus Psyllid. Neither HLB nor the Asian Citrus Psyllid are native to Florida or the United States. The psyllid was first detected in Florida in the late 1990's. HLB was first detected in Florida in 2005 and estimates indicate over 90% of the trees in Florida are now infected.

HLB weakens and eventually kills citrus trees. The lower productivity of the trees has forced growers to abandon over 130,000 acres of citrus groves. Growers are

learning how to extend the productive life of the infected trees, but production costs have more than doubled due to HLB.

Orange juice prices have increased for consumers because supplies are strained and the cost of production has skyrocketed. Higher prices and competition from other beverages has resulted in U.S. per capita OJ consumption being reduced by 50%. I am confident that consumption trends will reverse as research delivers solutions that will increase yields on our groves and the per-unit cost of production declines.

Growers knew early that HLB was a monumental threat to our industry and a massive research effort began. Citrus growers have taxed themselves and have spent over \$90 million over the past 9 years to fund research. The Florida State Legislature has appropriated more than \$20 million for the fight against HLB. The 2015 Farm Bill authorized \$125 million over five years in citrus research funding through a competitive grant process. On behalf of citrus growers across the country, thank you for recognizing the need for a long term funding source for the research needed to solve the HLB crisis that threatens the citrus industries in Florida, California, and Texas.

Growers are working together to coordinate sprays to control the psyllid that spreads HLB. Antimicrobials and heat therapy appear to be possible near term solutions to improve the productivity and extend the life of our trees. Plant breeders are working to develop varieties of citrus and rootstocks that are tolerant of HLB.

It is apparent a massive replanting of the citrus industry is required in Florida. Economists estimate the Florida industry needs to plant 20 million trees over the next 10 years to reverse the decline and stabilize the Florida industry. Our company has replanted over 350,000 trees over the last three years using the latest technologies available. I am confident we will bring these into production and will be rewarded for the risk we are taking.

The USDA has authorized the Tree Assistance Program, or TAP, to aid small growers with replanting efforts. The TAP program is a cost share program that reimburses a portion of the tree removal and replanting costs for trees lost to disease. Two of the major brands that market Florida orange juice have developed incentive programs to assist growers as they replant.

Florida Citrus Mutual is working with our legislative delegation to look at possible changes to the federal tax code that will attract capital to our industry and aid growers with their replanting efforts.

Under present tax law, citrus growers are required to capitalize the costs of developing a citrus grove for four years, including the year trees are planted. After the trees, labor, fertilizer, spray, and other costs incurred are capitalized for this four year pre-productive period, the new grove is depreciated over a ten year period.

Florida Citrus Mutual proposes to change the tax code to allow growers to immediately expense the grove development and acquisition costs in the year the costs are incurred. The proposal would sunset the tax code changes after ten years. The change would provide an incentive to growers with minimal costs to government.

The citrus industry is a core part of America's agricultural heritage. 62,000 Floridians produce a nutritious product that is part of a healthy diet. The industry is comprised of small family farms and associated businesses. The industry also supports many associated businesses, ranging from vehicle and farm equipment dealers, banks, insurance companies, etc. Our industry has experienced challenges before, most weather related. I am confident our industry will manage through the current crisis and emerge as an even stronger industry. Again, thank you for your support funding the much needed research. Please consider incentives for growers to replant and other assistance to growing small businesses as they emerge from this crisis.

Thank you.