

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB ENRC 08-15 Department of Agriculture and Consumer Services
SPONSOR(S): Environment & Natural Resources Council
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Environment & Natural Resources Council	13 Y, 0 N	Smith	Dixon / Hamby
1) _____	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

This bill revises statutory provisions governing several trust funds and programs within the Department of Agriculture and Consumer Services. This bill expands the authorized uses of funds in the Agricultural Emergency Eradication Trust Fund within the Department of Agriculture and Consumer Services (department). The bill provides that the money in the fund may be made available for the promotion, advancement and protection of agriculture in this state, including maintaining or increasing market share and the suppression or eradication of wildfire, animal or plant disease and insect infestation. This bill also increases the General Revenue service charge on the Agricultural Emergency Eradication Trust Fund to 7.3%. The department estimates a positive fiscal impact to the General Revenue Fund.

This bill amends current law to provide a recurring redirect of \$300,000 from the General Inspection Trust Fund and \$300,000 from the Plant Industry Trust Fund within the department to General Revenue. This bill also provides for monthly installments and a five year sunset provision. This provision has a positive fiscal impact of \$600,000 to General Revenue and a negative fiscal impact to the General Inspection Trust Fund and the Plant Industry Trust Fund.

The bill eliminates the department's responsibility for the purchase and distribution of the brucellosis vaccine. Distribution can be managed through veterinary distributors obtaining vaccine from a sole manufacturer. Distribution is limited to federally accredited practitioners. There is a \$140,000 estimated cost savings in the department's recurring expense budget as a result of this bill becoming law.

The bill eliminates the 15% distribution to counties for state forest receipts and repeals current law relating to the portion of gross receipts from certain state forests to certain counties.

The effective date of the bill is July 1, 2008.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Agricultural Emergency Eradication Trust Fund

Section 570.191, F.S., creates the Agricultural Emergency Eradication Trust Fund within the Department of Agriculture and Consumer Services (department). The trust fund receives 0.65 percent of the proceeds levied on motor fuel tax as authorized in s. 206.41(1)(g), F.S. The trust fund currently serves as a repository of revenues to support agriculture emergencies including the Citrus Health Response Program, and the Sterile Medfly Release Program. Revenues in the trust fund may be made available upon certification by the Commissioner of Agriculture that an agriculture emergency exists which threatens the horticultural, aquacultural, or other agricultural interests in the state. The Commissioner must notify the Governor, the President of the Senate, and the Speaker of the House of Representatives when an agricultural emergency exists and funds from the Agricultural Emergency Eradication Trust Fund will be used. The Office of Agricultural Emergency Preparedness (office) is also funded from the Agricultural Emergency Eradication Trust Fund. The office provides the department with professional expertise and leadership in statewide homeland security issues involving agricultural and food systems. Estimated revenues appropriated from this fund in FY 2007-08 are \$10 million.

This bill provides that funds may be made available for the promotion, advancement and protection of agriculture in this state, including maintaining or increasing market share and the suppression or eradication of wildfire, animal or plant disease and insect infestation. The bill removes the provision that the Commissioner must certify that an agricultural emergency exists in order to have funds appropriated from the Agricultural Emergency Eradication Trust Fund. The bill removes the definition of an "agricultural emergency" which is an animal or plant disease, insect infestation, or plant or pest endangering or threatening the horticultural, aquacultural, or other agricultural interest in this state.

This bill repeals the required notice to be given to certain persons before funds in this trust are used.

This bill increases the General Revenue service charge on the Agricultural Emergency Eradication Trust Fund to 7.3%. If the service charge is implemented, the department estimates a positive fiscal impact to General Revenue.

General Inspection Trust Fund

Section 570.20, F.S., establishes the purposes for which the funds in the General Inspection Trust Fund (GITF) may be used. Proceeds to be deposited into the GITF include all inspection fees and other monies authorized and received in the enforcement of the inspection and regulatory laws administered by the department and for all inspection programs. This fund supports the administration of the department's regulatory programs.

This bill will annually transfer \$300,000 deposited into the General Inspection Trust Fund to General Revenue. These funds will be transmitted in equal monthly payments until the total is received in the General Revenue Fund. This bill also includes a sunset clause, which terminates the annual transfer to General Revenue on July 1, 2013.

Plant Industry Trust Fund

Section 581.031, F.S., establishes the purposes for which the funds in the Plant Industry Trust Fund (PITF) may be used. This fund provides a repository for nursery inspection and certification fees. Revenues are used to fund a portion of the programs in the Division of Plant Industry, which includes plant inspections, fruit fly protocol, and fumigation.

This bill will annually transfer \$300,000 deposited into the Plant Industry Trust Fund to General Revenue. These funds will be transmitted in equal monthly payments until the total is received in the General Revenue Fund. This bill also includes a sunset clause, which terminates the annual transfer to General Revenue on July 1, 2013.

Division of Animal Industry

One of the long term responsibilities of DACS' Division of Animal Industry has been the administration of Florida's Brucellosis Eradication Program. The Cooperative State-Federal Brucellosis Eradication Program is administered under a Memorandum of Understanding between the appropriate agency in each of the states and the United States Department of Agriculture (USDA). This program includes all activities associated with detecting, controlling, and eliminating brucellosis from domestic livestock in the United States.

Bovine Brucellosis is a devastating cattle disease that is near eradication in the United States after more than 50 years of efforts by State Departments of Agriculture, the USDA, and the cattle industry. Florida released the last positive brucellosis herd in 2000. Since then, despite extensive surveillance and testing of slaughter animals and dairy milk, no additional cases of bovine brucellosis have been found.

Current Florida law, s. 585.155, F.S., requires all female calves born in the state that are to be used for dairy breeding purposes to be vaccinated with an approved *Brucella abortus* vaccine. In 2001, the law mandating vaccination of beef heifers was removed, yet vaccination has continued on a voluntary basis. While brucellosis vaccination was critical in eradicating this disease in Florida, the absence of this disease over the last 7 years, and the extremely low level of bovine brucellosis in the United States has reduced the threat of this disease to Florida cattle and thus also reduced the need for vaccination. Florida's Brucellosis Class "Free" Status allows interstate movement of female cattle (beef and dairy) to most states without requirement for vaccination. Voluntary vaccination of beef heifers has continued in approximately 7% of Florida herds. Vaccination is predominately performed on those heifers that are retained for breeding purposes.

As is the current practice in most states, brucellosis vaccine may be purchased by Florida licensed veterinarians directly from an approved manufacturer. Federal requirements mandate that this vaccine be administered only by licensed veterinarians.

Professional Biologics is the only approved brucellosis vaccine manufacturer. Currently, in other states the vaccine is sold to distributors who then market the vaccine to veterinarians. The manufacturer suggested price for sale to veterinarians is \$18.20 per 25 dose bottle and \$4.30 per 5 dose bottle. Although the distributor has the right to increase the sales price to the veterinarian, the suggested price in total would be less than the state is paying in combined purchase and shipping costs per dose.

According to DACS, yearly costs of vaccine purchased and distributed to the state total approximately \$140,000. This figure includes approximately \$56,000 per year for purchase and \$84,000 per year for shipping costs. In 2006, approximately 60,000 calves were vaccinated in Florida. This compares to about 160,000 calves vaccinated in 2000. Heifer vaccination has been declining since Florida obtained Class "Free" Status. In October 2006, USDA published a listing of premises by species from the National Agricultural Statistics Service showing an estimated 7,900 (7,750 beef and 150 dairy) cattle premises in Florida. USDA reported that in 2006, 61,666 calves within 515 herds were vaccinated in the state, the majority being beef herds. According to DACS, although many dairy calves leave the state before reaching vaccination age, approximately 130,000 heifers are kept each year as

replacement animals. The current level of vaccination likely reflects the producer's individual preference to vaccinate heifers rather than the provision of the vaccine at no charge to veterinarians.

Veterinarians have been charging producers for the service of vaccinating heifers and identification since 1996 when USDA stopped paying fee-basis to veterinarians for this service. The additional cost of the vaccine is minimal and should not significantly impact the number of animals vaccinated.

State Forest Receipts

The Division of Forestry is required to distribute fifteen (15) percent of the gross receipts from a state forest to the county or counties in which it is located in proportion to the acreage located in each county. This money is to be used by the county or counties for school purposes. Elimination of this funding to the counties would allow \$995,000 in trust fund revenues to be redirected to General Revenue.

This bill also repeals the portion of gross receipts from the Withlacoochee State Forest and the Goethe State Forest to certain counties.

C. SECTION DIRECTORY:

Section 1 amends s. 215.20(4)(c), F.S., to add the Agricultural Emergency Eradication Trust Fund to the list of certain trust funds that contribute to the General Revenue Fund.

Section 2 amends s. 570.191, F.S., to provide that funds may be made available for the promotion, advancement, and protection of agriculture in this state, including maintaining or increasing market share and the suppression or eradication of wildfire, animal or plant disease and insect infestation.

Section 3 repeals s. 570.1911, F.S., which requires notice to be given to certain persons before funds in this trust are used.

Section 4 amends s. 570.20(2), F.S., to annually transfer a portion of revenues to General Revenue.

Section 5 amends s. 581.212, F.S., to annually transfer a portion of revenues to General Revenue.

Section 6 repeals s. 585.105, F.S., relating to the purchase, distribution, and administration of approved Brucella vaccine.

Section 7 amends s. 589.08(2), F.S., to eliminate the 15% distribution to counties for state forest receipts and repeals current law relating to the portion of gross receipts from certain state forests to certain counties.

Section 8 repeals s. 589.081, F.S., relating to the portion of gross receipts from Withlacoochee State Forest and Goethe State Forest.

Section 9 provides that this act shall take effect July 1, 2008.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Agricultural Emergency Eradication Trust Fund

The public will benefit from the department's ability to quickly respond to agricultural emergencies.

Florida's Brucellosis Eradication Program

If enacted, this legislation would cause the cost burden to be shifted to the producers who elect to vaccinate their heifers. Veterinarians would purchase the vaccine through the normal distribution channels and would, most likely, pass this cost to the cattle producer on a per animal basis. The cost of vaccine for each individual animal would be less than \$1. If vaccination continues at current levels, the combined cost to all producers requesting vaccination of their heifers would be less than \$62,000 annually. The compliance cost would remain unchanged.

The individual producers would be required to cover the cost of the vaccine and, therefore, have a minimal financial loss from this bill. The bill would not prohibit producers from continuing to vaccinate or start vaccinating if they choose. A majority of dairy heifers are transported out of state prior to reaching vaccination age and thus this industry would experience minimal impact from the bill.

This bill would have no impact on the cattle market since vaccination of Florida heifers is no longer required for interstate movement.

D. FISCAL COMMENTS:

Agricultural Emergency Eradication Trust Fund

This bill provides that the money in the Agricultural Emergency Eradication Trust Fund may be made available for the promotion, advancement and protection of agriculture in this state, including maintaining or increasing market share and the suppression or eradication of wildfire, animal or plant disease and insect infestation.

Currently, the Agricultural Emergency Eradication Trust Fund does not pay a service charge to General Revenue. This bill increases the General Revenue service charge on the Agricultural Emergency Eradication Trust Fund to 7.3%. The department estimates a positive fiscal impact to the General Revenue Fund.

General Inspection Trust Fund and the Plant Industry Trust Fund

This bill provides an annual transfer of \$300,000 to General Revenue from the General Inspection Trust Fund and \$300,000 from the Plant Industry Trust Fund. It has a positive impact on General Revenue, and a negative impact on the respective trust funds.

Florida's Brucellosis Eradication Program

Eliminating the purchase and distribution of the brucellosis vaccine will result in a cost savings in the department's recurring expense budget of \$140,000.

State Forest Receipts

Eliminating the 15% distribution to counties for state forest receipts and repealing current law relating to the portion of gross receipts from certain state forests to certain counties would allow \$995,000 in trust fund revenues to be redirected to General Revenue.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On Wednesday, March 26, 2008, the Environment and Natural Resources adopted a strike-all amendment. The amendment increases the General Revenue service charge on the Agricultural Emergency Eradication TF to 7.3%. The amendment redirects \$300,000 from the General Inspection Trust Fund and \$300,000 from the Plant Industry Trust Fund within the department to General Revenue. The amendment eliminates the department's responsibility for the purchase and distribution of the brucellosis vaccine. The amendment also eliminates the 15% distribution to counties for state forest receipts and repeals current law relating to the portion of gross receipts from certain state forests to certain counties.