

# Lower Tax Rate Recommended

By Rick Dantzler, CRDF chief operating officer



The grower referendum to re-authorize up to three pennies of box tax to fund the Citrus Research and Development Foundation (CRDF) was just held. It passed, so the CRDF board met on June 15 to consider what rate to recommend to the Florida Department of Agriculture and Consumer Services. Two cents were recommended. Many factors went into the decision.

First, CRDF is carrying over more box tax revenue than in past years. There are several reasons for this:

- The outcome of the referendum was not certain, which could have affected legislative funding, so it made sense to have more reserves than normal.
- CRDF is being much more discerning with projects it funds. Four years ago, it funded 34% of preproposals; the last three years have ranged from 9% to 11%.
- Because money was getting tighter and growers were running out of time, CRDF terminated several projects and did not grant extension requests for others, not because researchers were not doing good work but because research priorities changed.
- CRDF did not have a general request for proposals this year. Instead, it focused on executing its “Pathway to a Sustainable Florida Citrus Industry” document, which is CRDF’s analysis of the research most likely to get HLB behind us.
- To their credit, researchers returned approximately \$800,000 in funds from projects that did not cost as much as anticipated.
- CRDF adopted a “directed research” model where it clearly defines the research question it wants answered, sits down with researchers with a demonstrated ability to answer it and jointly determines a scope of work. This tends to reduce the cost of the project.
- CRDF spent legislative funds first since those have the potential to be returned to the state if not spent by the end of the fiscal year.
- CRDF continued lowering overhead, reducing full-time equivalent employees to three and a half from four. (At one point, there were nine.)

Second, CRDF had to consider other factors, including:

- The inventory of projects remaining to be researched
- Potential for future legislative funding
- Input from grower organizations and individual growers regarding the rate
- Whether the state’s citrus estimate is more likely to go up or down
- Whether legislative proviso will limit the amount of box tax revenue CRDF can spend
- The general state of the industry

After careful consideration, CRDF recommended a box tax rate of two pennies. While not a lot of money in the big scheme of things, it is still a 33% reduction to CRDF. Nevertheless, because of prudent decisions outlined above, CRDF can handle it, and it was the right thing to do.



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