

Fiscal Note

BILL # HB 2289

TITLE: citrus research council; fee increase

SPONSOR: Dunn

STATUS: As Introduced

PREPARED BY: Henry Furtick

Description

HB 2289 raises the limit for the maximum citrus fee assessed by the Arizona Citrus Research Council (ACRC) from 1.5 cents to 5.0 cents per commercial carton of citrus fruit. The bill also permits the council to assess a fee on citrus bulk intended for commercial juice production and establishes a measurement unit of 40-pounds of equivalent weight in citrus bulk.

Estimated Impact

We estimate the bill will increase annual fee revenue to the Citrus Trust Fund by up to \$147,700 beginning in FY 2022.

At the time of publication, the ACRC did not have a fiscal estimate for the bill.

Analysis

The ACRC was established in 1990 to support the development of citrus research programs within the Arizona citrus industry. The council comprises of 5 Arizona citrus producers appointed by the Governor and functions as an independent body from the Arizona Department of Agriculture. Council activities are supported by the Citrus Trust Fund which receives revenues from the citrus fee assessment. Pursuant to statute, the council annually sets the citrus fee at a level of no more than 1.5 cents per commercial carton of citrus fruit. The current fee is set at the 1.5-cent maximum. The fee is paid by Arizona citrus packers and shippers with the cost is effectively passed through to the citrus producers. Current statute does not allow for an assessment on citrus bulk intended for commercial juice production.

According to the ACRC, in terms of commercial production, in FY 2020 there were 2,655,305 cartons of citrus fruit and approximately 21,880 tons of equivalent weight in citrus bulk produced in Arizona. Because current statute limits the assessment to just cartons of citrus fruit produced, the 1.5-cent assessment was only applied to the 2,655,305 cartons of citrus fruit for a total of \$39,800 in fee revenue.

Under the bill, if the ACRC set the fee at the maximum rate of 5.0 cents for both cartons of citrus fruit and weight of citrus bulk produced, the assessment would generate \$132,800 for the citrus fruit and \$54,700 for citrus bulk, combining for a total of \$187,500 in fee revenue. This amount would represent a \$147,700 increase in fee revenue to the Citrus Trust Fund compared to the \$39,800 amount generated under the existing fee system.

Local Government Impact

None

1/28/21