



FLORIDA CITRUS MUTUAL

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June 17, 2008

Ken Keck
Executive Director
Florida Department of Citrus
1115 E. Memorial Blvd.
Lakeland, Fl. 33801

Dear Ken:

Thank you for the excellent presentation to the Florida Citrus Mutual Board of Directors at the Annual Meeting on June 11, 2008. The Board commends the FDOC staff for listening to the industry and crafting a budget that acknowledges our urgent research funding needs while holding the line across the board on taxes.

In general, Florida Citrus Mutual supports the staff program plans and proposed tax rates but respectively asks the Florida Citrus Commission to make the following budget refinements based on the Florida Citrus Production Research Advisory Council's (FCPRAC) estimate that the industry will require \$20 million in '08-'09 to fully fund pest and disease research.

Previously, the industry and Mutual believed the FDOC may have to raise the entire \$20 million. However, through Mutual's efforts (and others) an additional \$4 million in pest and disease research funding for '08-'09 has been uncovered.

A breakdown of the \$4 million:

\$2.0 million – prior year grower research box tax (FCPRAC)
\$2.0 million – State of Florida general revenue appropriation
\$4.0 million

As a result, the FDOC now only needs to generate \$16 million of the total \$20 million. Mutual is now asking that the FDOC budget commitment to research be reduced from \$20 million to \$16 million. We also ask that the Commission recognize (and budget) the opt-in research funding commitment from the Florida Citrus Processors which could generate an additional \$1.5 million.

At the proposed tax rates, reducing the FDOC commitment to FCRPAC research and the increase in opt-in equalization payments will provide enough money to adequately fund the 4th quarter media (the original proposal recommended going black in 4th quarter). Mutual is a supporter of the FDOCs marketing mission and we believe the Commission should seriously consider this funding shift as it votes on the '08-'09 budget and tax rates.

In addition, it is very unlikely the committed research budgets will be spent by the end of fiscal '08-'09. Mutual strongly recommends that every effort be made to establish a special revenue fund so any unspent '08-'09 research dollars can be carried forward to fund future research needs. Mutual believes creating a special fund would be a wise move considering the uncertainty in our industry.

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We would also like to reiterate a request that all funds committed by the FCC for invasive pest and disease research be coordinated through the Florida Citrus Research Production Advisory Council (FCPRAC). FCPRAC is the acknowledged grower representative research entity for the Florida citrus industry and it makes sense that the Committee serves as the conduit for all research funding.

Thank you for the opportunity to provide input in your budgeting process. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Michael W. Sparks". The signature is written in a cursive style with a large, stylized initial "M".

Michael W. Sparks
Executive Vice President/CEO

cc: FCC
FCM Board of Directors
Florida Citrus Industry Organizations