

Governing Board Backup

Resolution No. 2008 –

SUBJECT: Resolution Certifying Everglades Agricultural Area-Wide (EAA-Wide) Incentive Credits, Individual Farm Credits, Vegetable Acreage Applications, Disaster Deferrals, and the Everglades Agricultural Privilege Tax Roll

RECOMMENDATION:

Adopt a resolution (attached) certifying: 1) the documentation of EAA-Wide Incentive Credits, 2) the granting or denial of Individual Farm Credits, 3) the granting or denial of Vegetable Acreage Applications, 4) the disposition of Disaster Deferrals, 5) the approval of the Everglades Agricultural Privilege Tax Roll, and 6) the establishment of an effective date.

BACKGROUND:

The Everglades Forever Act (EFA) imposes an annual tax for the privilege of conducting an agricultural trade or business on certain real property located within the Everglades Agricultural Area (EAA). The EFA further appointed the South Florida Water Management District (District) as administrator of this tax. As administrator, the Governing Board of the District is required to: 1) document EAA-Wide Incentive Credits, 2) grant or deny Individual Farm Credits, 3) grant or deny Vegetable Acreage Applications, 4) provide the disposition of Disaster Deferrals, 5) approve the Everglades Agricultural Privilege Tax Roll, and 6) establish an effective date. Each of these components is described in more detail below.

(1) EAA-WIDE INCENTIVE CREDITS

The EFA requires that reductions in the phosphorus load attributable to the EAA (as compared to a 1979-1988 base period) be acknowledged by applying an area-wide incentive credit toward the Everglades Agricultural Privilege Tax. Of the three types of incentive credits annually available to reduce the agricultural privilege tax, this is the first to be applied.

The reduction in the phosphorus load attributable to the EAA for the annual period ending April 30, 2007 (computed in accordance with the Everglades Forever Act) is 18 percent. Because the phosphorous load reduction was less than the minimum required 25% reduction, this phosphorus load reduction does not result in earning additional EAA-Wide Incentive Credits. The annual Everglades Agricultural Privilege Tax is \$35.00 per acre for the tax notices to be mailed in November 2008. However, previously earned EAA-wide incentive credits will be applied to reduce the tax rate to the minimum of \$24.89 per acre. Any unused incentive credits shall

be carried forward, on a phosphorus load percentage basis, to be applied as incentive credits in subsequent years.

(2) INDIVIDUAL FARM CREDITS

The EFA authorizes the use of individual farm credits to reduce the EAA tax to the minimum of \$24.89 per acre. For 2008, individual farm credits may be earned by: (1) achieving an annual flow weighted mean concentration of 50 parts per billion (ppb) of phosphorus at each discharge structure serving the parcel, or (2) by achieving a 40 percent or more reduction in the phosphorus load attributable to a parcel.

The EFA puts the burden on a parcel owner to apply for individual farm credit by July 1 of each year and to prove entitlement to the credit. The District has received a "Master Letter of Application" from the Everglades Agricultural Area Environmental Protection District (EAA EPD), a special taxing district, on behalf of all eligible parcels within its jurisdiction. This letter indicates the EAA-EPD's acceptance of the individual farm credits as determined by the District. In addition to the Master Letter of Application, the District has received applications from six (6) special districts.

For 2008, the EAA tax is already reduced to the minimum of \$24.89 per acre by applying the area-wide incentive credit and; therefore, individual farm credits for achieving the 50 ppb standard are not required to be used. All individual farm credits are currently carried forward by Basin ID and will be applied in future years if the area-wide credits become depleted or insufficient to reduce the tax to the minimum of \$24.89 per acre.

The EFA requires the Governing Board of the District to deny or grant a parcel owner's application for individual farm credit.

(3) VEGETABLE ACREAGE

Since vegetable farming in the EAA is subject to volatile market conditions and is particularly subject to crop loss or damage due to severe weather conditions, the EFA provides that vegetable classified acreage be taxed at the minimum of \$24.89 per acre, but not be entitled to any type of incentive credit. Growers must annually submit an application to the Executive Director of the District prior to July 1 for classification of vegetable acres. The District has received no (0) application for vegetable acreage classification; therefore, no action is required on this issue.

(4) DISASTER DEFERRALS

In conjunction with vegetable classified acreage, the EFA provides for the deferral of agricultural privilege taxes in the event the Governor, the President of the United States or the U.S. Department of Agriculture declares a disaster, as defined in the EFA. There was no disaster declaration affecting vegetable growers in the EAA

during this past tax year; therefore, there are no tax deferrals to be approved. The deferrals approved in September 1997 and 2001 will continue in effect for those agricultural acres that received the deferral at that time.

(5) EAA TAX ROLL

The EFA further requires the Governing Board to approve and certify, by September 15 of each year, an Everglades Agricultural Privilege Tax Roll to the tax collector in each county in which a portion of the affected property is located. The District shall certify to Palm Beach and Hendry counties and shall provide each with an electronic version of the tax roll.

(6) EFFECTIVE DATE

The resolution will become effective immediately upon adoption.

Should you have any questions regarding this resolution or any supporting documentation, please contact, Steve Poonasingh, at (561) 682-2934.