

# Citrus Notes



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UF/IFAS Citrus  
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for  
Polk &  
Hillsborough  
Counties

## IMPORTANT DATES

**JANUARY 5, 2017**

**FAST TRACK FORUM**

Lake Alfred

**JANUARY 10, 2017**

**FOOD SAFETY  
MODERNIZATION ACT  
(FSMA) PRODUCE  
SAFETY RULE  
TRAINING**

Lake Alfred

**JANUARY 25-26, 2017**

**FLORIDA CITRUS SHOW**

Ft. Pierce

## CONTACT INFO

### **POLK COUNTY EXTENSION SERVICE**

PO Box 9005, Drawer HS03  
Bartow, FL 33831  
(863) 519-1052  
Email: [wcoswalt@ufl.edu](mailto:wcoswalt@ufl.edu)

### **HILLSBOROUGH COUNTY EXTENSION SERVICE**

5339 County Road 579  
Seffner, FL 33584  
(813) 744-5519  
Ext. 541231

## Food Safety Modernization Act (FSMA)

### Produce (Citrus) Safety Rule



The last thing you want to hear about is another

regulation, but this one is very important if you want to have any chance of selling your fruit as fresh. Simply put, the chances are that if you are **not** in compliance with this new rule, you may find yourself **unable** to sell or even run your fruit through a citrus packinghouse. If you plan **not pack** any of your crop fresh (in any given year) and it will go to the processing plant, then you can skip the following, but you are not likely going to have the luxury of changing your mind immediately prior to harvest. Additional, even fruit that doesn't go into the fresh market will require that you will still need to meet certain record keeping requirements that document a commercial processing exemption. Travis Chapin, Uf/IFAS, State Specialized Extension Agent for Food Safety, provided a summary of the rule areas fresh fruit citrus growers will need to comply with:

#### **What a Fresh-Market Citrus Grower Needs to Know About FSMA's Produce Safety Rule**

The Produce Safety Rule (PSR), under the Food Safety Modernization Act (FSMA), is the first mandatory federal standard for the production of fruits and vegetables, including citrus, in the United States. Compliance for the largest farms (those averaging >\$500,000 in annual total food sales over the previous 3 years) begins on January 26, 2018. Find the rule

and more information, including information about exemptions and compliance dates, at <http://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm334114.htm>. If you open the PSR in the federal register, you'll find the full 216-page document that includes the preamble and public comments; the actual regulatory requirements are in the last 21 pages (pp. 74547-74568).

All requirements of the PSR apply to "covered activities". A covered activity is defined as "growing, harvesting, packing, or holding covered produce on a farm." If you're a fresh-market citrus grower and sell your crop to a buyer prior to harvest, you are responsible for implementing the applicable PSR requirements before ownership of the crop is transferred to the buyer/harvest company. Because harvesting is within the scope of the farm definition, the harvesting company will be considered a farm that harvests, but does not grow, the citrus and will be responsible for the PSR requirements during and after harvest until the fruit is delivered to the packinghouse. FDAs draft guidance regarding classification of activities is available online. <http://www.fda.gov/Food/GuidanceRegulation/GuidanceDocumentsRegulatoryInformation/ucm517567.htm>.

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## FAST TRACK

### OPEN FORUM

New Varieties Development & Management Corp. (NVDMC) has announced an open forum for growers, nurseries and other industry stakeholders. The purpose of the meeting is to review the FAST TRACK program, discuss its implementation and how it might be improved.

FAST TRACK is a program co-developed by the University of Florida's Institute of Food and Agricultural Sciences, Florida Foundation Seed Producers Inc., and NVDMC. FAST TRACK was designed to enable citrus growers and nurseries to access experimental IFAS fresh citrus selections much earlier in the process than was historically possible. Through FAST TRACK, growers can register to experimentally trial newly identified fresh citrus selections and become part of a grower group for one or more particular selections. FAST TRACK enables the grower group to make recommendations related to the ultimate suitability of the selection, and also empowers participating growers to individually elevate a selection to commercial production through a feature called "Early Option." Incentives are offered to participating growers as a means of encouraging participation.

The FAST TRACK Open Forum will take place at the Citrus Research and Education Center, Lake Alfred FL, on January 5, 2017 from 10 AM to noon. Participants are encouraged to RSVP to Lucy Nieves by fax (321) 214-0223 or email [Lucy.Nieves@ffva.com](mailto:Lucy.Nieves@ffva.com).

All questions should be directed to Peter Chaires: 321-214-5214 or [pchaires@nvdmc.org](mailto:pchaires@nvdmc.org)

### Florida Citrus Show

The 2017 Florida Citrus Show will be held in Ft. Pierce, at the Havert Fenn Center, on January 25 and 26, 2017. The agenda can be found at the following link: <http://www.citrusshow.com/agenda-2017/>.

To register for the Show, please go to the following: <https://www.cvent.com/events/2017-florida-citrus-show/registration-32c16c9d26a14ca9924e9f8db2cd9a3e.aspx>.

### Florida Citrus Hall of Fame Inductees Chosen for 2017

The Selection Committee for The Florida Citrus Hall of Fame has announced three distinguished leaders will be inducted into the Hall during the 55<sup>th</sup> Citrus Celebration Luncheon on **Friday, March 10, 2017**, at Florida Southern College in Lakeland.

James H. "Jim" Ellis, of Bartow, Fla., T. Ralph Robinson (deceased), and

Michael W. Sparks, of Apollo Beach, Fla., will be honored at the luncheon, scheduled to take place at 11:30 a.m. in the Hollis Wellness Center.

**Jim Ellis** has led a distinguished career for decades in the Florida citrus industry as a grower, packer, industry representative and historian. He is currently in charge of the Citrus License & Bonds in the Division of Fruits & Vegetables for the Florida Department of Agriculture and Consumer Services. A graduate of Florida Southern College, he was president of the Citrus Club and received the Florida Citrus Mutual Award for Outstanding Achievement in the field of citrus studies. As owner and operator of Lake Garfield Packing, he introduced the first electronic sorter to the state of Florida, experimented with cutting and scoring grapefruit, applying a sweetener and shrink wrapping them to market as a breakfast item, along with different forms of automated fruit harvesting equipment. He served on numerous boards, including stints as

president for the Polk County Farm Bureau, Florida Citrus Showcase and the Interior Seald-Sweet Shippers, Inc. His passion for the citrus industry and its history has led him to collect numerous artifacts, and he has one of the largest collections of Florida citrus crate labels in the world, which is the nucleus for the Florida Citrus Label Digital Collection at Florida Southern College. His collection has been used in three books on citrus labels, and in the newly developed Polk County Citrus Label Driving Tour, which is part of the county's History & Heritage program. Dr. Calvin Arnold noted "Jim really gives to the industry from his heart, with no expectation of personal gain – his passion IS the citrus industry."

**T. Ralph Robinson** (1876-1967) was a native of Syracuse, NY, but moved to Terra Ceia, Fla. in 1910. A graduate of Syracuse University, he went to work for the USDA in 1901 working in plant physiology investigations. He spent over 30 years working on the development of  
*(continued on page 4)*

## FSMA's Produce Safety Rule

*(continued on page 1)*

For a fresh-market citrus grower who transfers ownership of the crop prior to harvest, the PSR requirements associated with growing the crop fall under the categories of

- health and hygiene;
- personnel qualifications and training;
- equipment, tools, buildings, and sanitation;
- biological soil amendments of animal origin and human waste;
- domesticated and wild animals; and
- agricultural water.

Some important considerations are highlighted below, but growers should reference the PSR and future FDA guidance for comprehensive compliance requirements. Requirements are covered in much more detail during Produce Safety Alliance (PSA) training courses. Find a list of PSA courses offered by IFAS at [sc.ifas.ufl.edu](http://sc.ifas.ufl.edu).

### **Health and hygiene**

Everyone working for the covered farm, even those that don't handle fruit, needs to follow basic health and hygiene practices which include things like handwashing, maintaining personal cleanliness, not eating in the field, and not working while sick.

### **Personnel qualifications and training**

Each farm must identify at least one supervisor or other responsible party (e.g., consultant) tasked with ensuring compliance with the PSR. This person must also complete food safety training that is acknowledged by FDA. Currently, the Produce Safety Alliance (PSA) curriculum is the only training material that meets this requirement. All other employees must receive food safety training relevant to their jobs which includes principles of food safety,

personal hygiene, and certain PSR standards.

### **Equipment, tools, buildings, and sanitation**

Any equipment, tools, and buildings used for growing activities (including stored equipment and buildings or sheds used to store equipment) need to be checked, cleaned and maintained to ensure food safety.

### **Biological soil amendments of animal origin and human waste:**

This section doesn't apply if you don't use any biological soil amendments (BSAs) of animal origin (e.g., manure, compost, manure/compost teas, blood meal, bone meal, fish meal, feather meal). The use of Class A biosolids is allowed without any additional restrictions beyond the EPA and state requirements already in place.

If you purchase a treated BSA of animal origin from a 3<sup>rd</sup> party, you need to obtain a Certificate of Conformance or other documentation annually demonstrating that a scientifically valid, and monitored, process was used and that the risk of cross-contamination with untreated products was minimized. If you treat your own BSA of animal origin, you need to use a scientifically valid treatment process and keep monitoring records of the process controls (e.g., time, temperature, turnings). There are also specific application methods and application-to-harvest intervals allowed depending on whether the BSA of animal origin is considered treated or untreated.

### **Animals and wildlife:**

Growing areas need to be monitored for intrusion and contamination by domestic or wild animals. Contamination should be removed before harvest and/or any findings should be shared with the harvest crew.

### **Production agricultural water:**

Production agricultural water means any water that comes in contact with fruit on the tree and could include water used to irrigate (if it contacts the fruit), to make crop sprays, or for cold protection. If the water does not contact fruit, it is not considered agricultural water. The sources and distribution systems of all production agricultural water need to be reviewed at least annually. All production agricultural water must meet specific microbial criteria which is detailed in the PSA course. If production agricultural water does not meet the microbial criteria, you can still use the water if you do at least one of the following:

- apply a time interval between last application of water and harvest (which meets specific requirements),
- apply a postharvest time interval or treatment (like commercial washing), or
- treat the water (and meet specific requirements).

While some important considerations were highlighted here, these topics are covered in much more depth in the PSA training courses. Find a list of PSA courses offered by IFAS at [sc.ifas.ufl.edu](http://sc.ifas.ufl.edu).

I have enclosed a brochure with registration information and locations of these scheduled trainings.

## Citrus Flower Bud Induction Advisories

The latest version of the Citrus Flower is currently available from Dr. Gene Albrigo. The forth advisory of the 2016-17 season was issued on December 20, 2016. To read the advisory in its entirety please use the following link: [http://www.crec.ifas.ufl.edu/extension/flowerbud/2017/12\\_20\\_16.shtml](http://www.crec.ifas.ufl.edu/extension/flowerbud/2017/12_20_16.shtml).



## FLORIDA FOREST SERVICE'S

### CERTIFIED PILE BURNER CLASS

The Florida Forest Service and University of Florida Cooperative Extension Service will be conducting a Certified Pile Burners Course on **Wednesday, February 1, 2017**. This course will show you how to burn piles **legally, safely and efficiently**. Most importantly, it could save a life. If you burn piles regularly, don't put off registering for this training. When the weather is dry, certified pile burners will receive priority for authorization to burn. Also, certified pile burners are allowed to burn up to two hours longer per day and get multiple day authorizations. Don't wait. The number of trainings offered and attendance at each training is LIMITED. This training will be held from 8:30 am till 4:30 pm at the **Southwest Florida Research and Education Center, Immokalee, Florida**. Registration information can be found at: [http://www.freshfromflorida.com/content/download/72725/1916331/Certified\\_Pile\\_Burner\\_Class\\_Hendry\\_2-1-2017.pdf](http://www.freshfromflorida.com/content/download/72725/1916331/Certified_Pile_Burner_Class_Hendry_2-1-2017.pdf).

*For Questions Contact: Dr. Mongi Zekri at [maz@ufl.edu](mailto:maz@ufl.edu) or 239-595-5494*



## Citrus Hall of Fame

*(continued on page 2)*

new citrus varieties, managing test plantings in 25 different sections of the state. He was primarily responsible for the commercial production of Orlando and Minneola tangelos, and the Robinson tangerine was named for him because of his expert work in citrus breeding. He was part of a team of scientists that included Hall of Fame member Walter Swingle who were among the earliest to experiment with cross-pollination in citrus to develop new varieties. He was a past president of the Florida State Horticultural Society and his biography is listed in "American Men of Science" and in "Who's Who," along with approximately 80 titles of papers he wrote on horticultural subjects.

**Mike Sparks** has dedicated his entire professional career to the Florida citrus industry, starting with the Florida Department of Citrus (FDOC) where he worked for 29 years in various capacities: as CFO, Director of Administration, Deputy Executive Director and Interim Executive Director. As such, he worked under six different Executive Directors and 87 Citrus Commissioners during very tumultuous times, which resulted in restructuring within the FDOC. For the last ten years, he has been the Executive Vice President and CEO of Florida Citrus Mutual (FCM) in Lakeland, Fla., which is the largest citrus grower trade association in the world. Under his leadership, FCM has been able to secure unprecedented funding both on behalf of the Florida citrus industry and for national USDA programs such as CHRP, MAC and APHIS, as well as citrus and marketing programs. His efforts also led to significant long-term appropriations for pest and disease research, including \$125

million in mandatory Farm Bill funding directed primarily at citrus greening research, and trade victories on tariff protection, including anti-dumping actions, which resulted in almost \$16 million to FCM members. Dan Gunter, former Executive Director of the FDOC, noted: "Mike is energetic, intelligent and he has integrity. He's always served the industry and his work has had a positive impact on a number of challenging issues."

The induction luncheon ceremonies will take place on Friday, March 10, 2017 in the Hollis Wellness Center at Florida Southern College, Lakeland. Invitations will go out in January, and ticket information will be available on the web site, [www.FloridaCitrusHallofFame.com](http://www.FloridaCitrusHallofFame.com), later this month. For more information, contact Brenda Eubanks Burnette at (561) 351-4314 or [BBurne1003@aol.com](mailto:BBurne1003@aol.com).

The Florida Citrus Hall of Fame honors distinguished leaders who have made significant contributions to the Florida citrus industry. The Citrus Hall of Fame display and Archive Center is located within the McKay Archive Building at Florida Southern College in Lakeland. For more information on members of the Citrus Hall of Fame, visit the web site at [www.FloridaCitrusHallofFame.com](http://www.FloridaCitrusHallofFame.com) which includes access to biographies and photos on all members, noting their accomplishments and including various industry links.

To purchase tickets, please call Florida Citrus Mutual at (863) 682-1111 or visit the Florida Citrus Hall of Fame website at [www.FloridaCitrusHallofFame.com](http://www.FloridaCitrusHallofFame.com). For more information on sponsorship opportunities, please contact Brenda Eubanks Burnette at (561) 351-4314 or via email at [BBurne1003@aol.com](mailto:BBurne1003@aol.com).

# Agricultural Tax Planning

## Appreciated Land Trapped in a C Corporation

By Thomas J. Bryant, CPA and Ryan Beasley, CPA

***Elderly farmers and growers looking to retire with no one to continue operating the farm or grove can sell the equipment, machinery and remaining inventory at auction or an outright sale. But if the farm has been operated as a C corporation, and the retiree decides to keep the appreciated land for rental income, how can the retiree efficiently move the rental income out of the corporation to himself without double tax? Salaries are subject to payroll taxes and also fall under the reasonable compensation tax laws. After all, how much effort does it take to collect several rent payment checks every year?***

A simple option would be to have the company converted to an S corporation to solve the double tax issue. At first glance that move would allow rental income to flow into the S Corp and out to the individual shareholders without double taxation on dividends and any significant payroll tax costs. Unfortunately, there is another tax trap to confront. The S Corp must deal with the tax on excess passive income (on its rental income). This tax arises if the S Corp previously operated as a C corporation and has retained its accumulated C corporation earnings and profits. IRS Code Sec.1375 imposes a flat 35% corporate-level tax on this excess passive income. In addition, after three years in this position, the S Corp status is mandatorily terminated and the S Corp must convert to C corporation status.

There are several solutions to solve this problem. One option is to distribute the old C corporation earnings and profits via a dividend at today's less costly dividend tax rate of 15% to 20% (depending on the amount of the dividend). If this alternative is chosen, it is not necessary to come up with the cash to actually pay out the dividend. An S Corp can make a deemed dividend election. Under this election the former C corporation's accumulated earnings and profits are deemed to be distributed proportionately among the shareholders, and then re-contributed as paid in capital that increases shareholder basis. The shareholders would then be taxed at the dividend tax rate on the deemed dividend so, some cash will be required for the tax due.

If the deemed dividend approach does not make sense do to its large size, a second alternative to explore is designing a lease arrangement that meets the status of active rental income. To meet this status, the S Corp must either perform significant services for its tenants or incur substantial costs in its rental business. This type of lease would require the S Corp to incur some costs and supervision such as maintaining irrigation or drainage tile, maintaining fence lines, maintaining weed control in ditches and consulting services.

There is another possible tax trap, once in S Corp status, no land sales can occur for the first 5 years. Under the built-in gains tax rules, any appreciated asset sales within the first 5 years of S Corp status causes a flat 35% corporate-level tax. The gain is also taxed again at the shareholder level. After 10 years the S Corp can sell the land and the capital gain passes through to the shareholders and is taxed once at the shareholder 1040 level favorable capital gain real estate tax rate currently at 25%.

This article does not cover the liquidation of ranchland in the hands of heirs. Also recognize that in the real world there are often messy facts that can alter the outcome of any transaction. However, this discussion does present a reasonable strategy for dealing with the generating rental income of ranchland trapped in a C corporation when the owner/operator is nearing retirement.

For more information on this topic and other tax planning for agricultural operations, please contact me at (863) 640-2008 or [Tom@beasleybryantcpa.com](mailto:Tom@beasleybryantcpa.com) and/or Ryan Beasley at (863) 646-1373 or [Ryan@beasleybryantcpa.com](mailto:Ryan@beasleybryantcpa.com). Please visit our website at [www.beasleybryantcpa.com](http://www.beasleybryantcpa.com) for information on other relevant topics.

We at Beasley, Bryant & Company, CPAs, P. A. are experienced in agricultural business problems, tax issues or concerns, and are here to help you.

Thomas J. Bryant, CPA is Tax Partner, and Ryan Beasley, CPA is Business Management Partner; Beasley, Bryant & Company, CPAs, P. A., Lakeland, Florida (863) 646-1373.

## REGISTRATION FORM

**Please note:** Substitutions are NOT acceptable.

Registration is also available online at:  
<http://psa011017.eventbrite.com>

**PSA Training**  
**UF/IFAS CREC – January 10, 2017**

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

Email \_\_\_\_\_

Phone \_\_\_\_\_

Special meal requirements (vegetarian, etc.)?

\_\_\_\_\_

Your name exactly as you would like it to appear on your certificate (please write legibly):

**Important: Make checks payable to**  
**“University of Florida - CREC”**

Training registration of \$150 per participant and \$125 for government/academic employees is requested by December 30<sup>th</sup>, 2016. If you are a member of FFVA, a discounted rate of \$99 is available. (Not sure if you're a member? Contact Sonia Tighe at 321-214-5245 or [sonia.tighe@ffva.com](mailto:sonia.tighe@ffva.com))

**Please note:** NO refunds will be issued within one week of the training start date.

Mail check and registration to:

University of Florida - CREC  
ATTN: Sarah McCoy  
700 Experiment Station Road  
Lake Alfred, FL 33850

[sarahmccoy@ufl.edu](mailto:sarahmccoy@ufl.edu) or 863-956-8632

## PLANNED PSA TRAININGS

January 10 – Lake Alfred, FL  
<http://psa011017.eventbrite.com>

February 7 – Live Oak, FL  
<http://psa020717.eventbrite.com>

February 13 – Marianna, FL  
<http://psa021317.eventbrite.com>

March 13 – Arcadia, FL  
<http://psa031317.eventbrite.com>

April 20 – Tavares, FL  
<http://psa042017.eventbrite.com>

May 17 – Palmetto, FL  
<http://psa051717.eventbrite.com>

**UF | IFAS**  
UNIVERSITY of FLORIDA

**FFVA**  
FLORIDA FRUIT  
& VEGETABLE ASSOCIATION

This training is supported in part by Florida Department of Agriculture and Consumer Services Training Grant (Contract #00099035).

## Produce Safety Alliance Grower Training



January 10, 2017

UF/IFAS Citrus Research and Education Center  
700 Experiment Station Road  
Lake Alfred, FL 33850

Sponsored by:  
UF/IFAS Citrus Research and Education Center  
UF/IFAS Food Science and Human Nutrition Department

**UF | IFAS**  
UNIVERSITY of FLORIDA

**FFVA**  
FLORIDA FRUIT  
& VEGETABLE ASSOCIATION

**Produce Safety**  
ALLIANCE

## ABOUT THE PROGRAM

### Who Should Attend

Fruit and vegetable growers and others interested in learning about produce safety, the Food Safety Modernization Act (FSMA) Produce Safety Rule, Good Agricultural Practices (GAPs), and co-management of natural resources and food safety. The PSA Grower Training Course is one way to satisfy the FSMA Produce Safety Rule requirement.

### What to Expect

The trainers will spend approximately seven hours of instruction time covering content contained in these seven modules:

- Introduction to Produce Safety
- Worker Health, Hygiene, and Training
- Soil Amendments
- Wildlife, Domesticated Animals, and Land Use
- Agricultural Water (Part I: Production Water; Part II: Postharvest Water)
- Postharvest Handling and Sanitation
- How to Develop a Farm Food Safety Plan

In addition to learning about produce safety best practices, key parts of the FSMA Produce Safety Rule requirements are outlined within each module. There will be time for questions and discussion, so participants should come prepared to share their experiences and produce safety questions.

## ABOUT THE PROGRAM (CONT'D)

### Benefits of Attending

The course will provide a foundation of Good Agricultural Practices (GAPs) and co-management information, FSMA Produce Safety Rule requirements, and details on how to develop a farm food safety plan.

After attending the entire course, participants will be eligible to receive a certificate from the Association of Food and Drug Officials (AFDO) that verifies they have completed the training course.

### PSA TRAINING AGENDA

8:30	Registration and Refreshments
9:00	Welcome and Introductions
9:15	Module 1: Introduction to Produce Safety
10:00	Module 2: Worker Health, Hygiene, and Training
11:00	<b>Break</b>
11:15	Module 3: Soil Amendments
12:00	Module 4: Wildlife, Domesticated Animals, and Land Use
12:45	<b>Lunch</b>
1:30	Module 5: Agricultural Water Part 1: Production Water
2:15	Part 2: Postharvest Water
3:15	<b>Break</b>
3:30	Module 6: Postharvest Handling and Sanitation
4:30	Module 7: How to Develop a Farm Food Safety Plan
5:00	Final Questions and Evaluations

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## LEAD INSTRUCTORS

**Travis Chapin**, UF/IFAS CREC  
**Michelle Danyluk**, UF/IFAS CREC  
**Jill Dunlop**, FFVA  
**Renée Goodrich Schneider**, UF/IFAS FSHN  
**Keith Schneider**, UF/IFAS FSHN

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## LOCATION

Lake Alfred, FL is accessible from either the Orlando International Airport or the Tampa International Airport. You can access a map and more information about the UF/IFAS Citrus Research and Education Center at <http://crec.ifas.ufl.edu/>.

## REGISTRATION

The fee for the training is \$150 for industry participants. A reduced fee of \$125 is available for government/academic employees that make prior arrangements. For attendees who are members of FFVA, a discounted rate of \$99 is available. (Not sure if you're a member? Contact Sonia Tighe at 321-214-5245 or [sonia.tighe@ffva.com](mailto:sonia.tighe@ffva.com))

Registration is limited.

Registration fee includes the training materials, lunch, refreshments, and a Certificate of Course Attendance issued by AFDO.

Participation for the entire training is required for the certificate.