

Citrus Notes



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Dear Growers,

This month we have a very important online survey relating to post-bloom fruit drop that occurred in many areas of the state earlier this year. I would greatly appreciate it if you would please take the time to complete the survey. If you were in the first group of individuals to participate in the Conservation Stewardship Program, you have the opportunity to renew your contracts. Don't forget to register for the 2014 Citrus Expo to be held next month. I also included a couple of articles/reminders about lightning dangers in Florida and a guide for soil and leaf sampling. The agricultural tax planning article this month is the second part of the new repair and maintenance regulations.

Enjoy the issue,

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Post-Bloom Fruit Drop (PFD) On-line Survey



During bloom 2014, and especially post-bloom, the citrus extension

team started to get enquiries about post-bloom fruit drop (PFD). This disease has not been very problematic in Florida since the last major out-break of 1996. We would like to know about your experiences with PFD in 2014, including whether you had a problem or not, so that we can better assist with this re-emerging disease in the up-coming seasons.

Please follow the link below to answer this short survey. The survey will be available until August 1, 2014. Thank you for your participation, it helps us serve you better.

https://ufl.qualtrics.com/SE/?SID=SV_1zgL1WL2hqp-nA3j

First Conservation Stewardship Program Participants Can Renew



(Ag producers can extend contracts for five years July 11 to Sept 12, 2014)

Gainesville, FL, June 24, 2014 – The first participants of the [Conservation Stewardship Program](#) have from July 11 until Sept. 12 to renew their contracts and make decisions on additional conservation activities that will benefit priority natural resource issues.

This [Natural Resources Conservation Service](#) program pays agricultural producers for conservation performance. About 20,000 CSP contracts nationally are reaching the end of their initial five-year contract period and may be renewed for an additional five years where participants agree to take additional conservation measures.

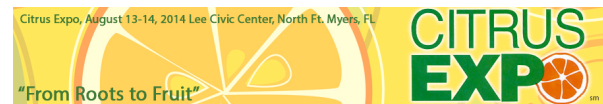
The program provides opportunities for farmers and ranchers who are already established conservation stewards, helping them improve water quality, soil health and wildlife habitat.

“CSP farmers go the extra mile to conserve our nation’s resources,” said NRCS State Conservationist Russell Morgan. “The 2014 Farm Bill continued that strong commitment and heightened the program’s focus on generating conservation benefits.”

Since CSP began in 2009, more than 58 million acres have been enrolled in the program – an area the size of Indiana and Wisconsin combined. CSP participants boost their operations’ conservation benefits by installing conservation activities that make positive changes in soil, water, air and wildlife habitat. “This program opens the door to trying new conservation activities,” Morgan said.

To learn about technical and financial assistance available through CSP, visit your [local NRCS field office](#) or go to [Getting Started with NRCS](#).

Citrus Expo 2014



This year’s Citrus Expo will be held from August 13-14, 2014 at the Lee Civic Center in North Ft. Myers. Grower pre-registration is now open and can be accessed at: <http://www.citrusexpo.net/index.html>. I have attached (or enclosed) the program agenda for your review.

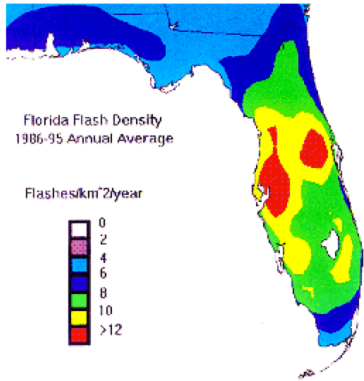


Lightning Safety in Florida

This year (2014) lightning in Florida has claimed the lives of five people. The following annual lightning map displays the flash density in flashes per square kilometer (247 acres), per year, for the period of 1986 to 1995. Based

on the geographical distribution of these lightning

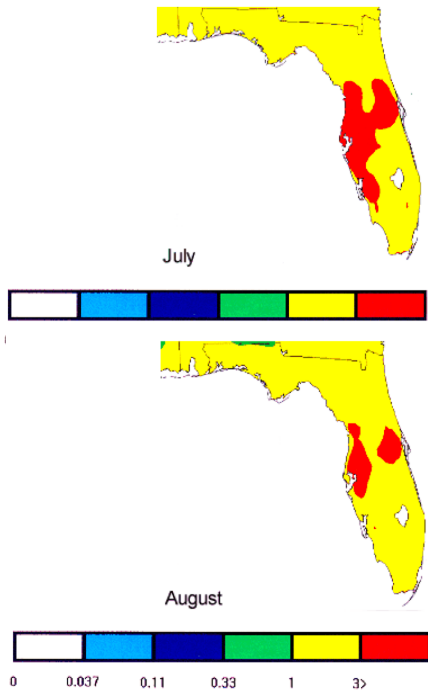
Annual Lightning Plot



strikes, one could call the I-4 corridor the Florida lightning belt. During this period, the general areas of Polk and Hillsborough Counties had an annual average of 10 to more than 12 strikes of

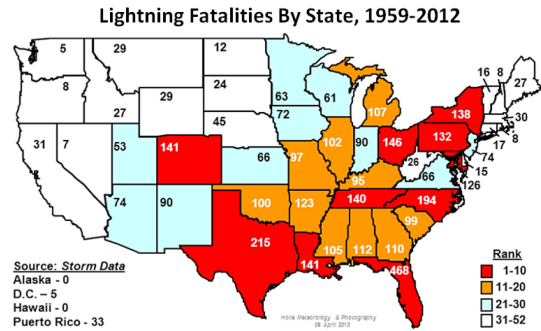
lightning per square kilometer or 247 acres.

Summer thunderstorms that occur in Florida are the major source of lightning, and so it should be no surprise that July and August would be some of the more active months for lightning. The two figures to the right display the lightning average strike densities for the months of July and August for the years between 1986 and 1995 in number per square kilometer (247 acres).



Lightning deaths by state have been tracked since 1959, and the following map has the total number of lightning related deaths from 1959 to 2012. As mentioned in the opening of this article, five so far in 2014

and 4 in 2013. Unfortunately, Florida has the greatest number of lightning related fatalities for the time period. A total of 479 from 1959 to date.



Today with smart phones and internet available real-time weather data, it might be worth looking for applications that would better forewarn agriculturalists of dangerous weather conditions, specifically lightning. The following website displays realtime lightning data on a zoomable satellite map: <http://www.lightningmaps.org/realtime?lang=en>.

There are a number of mobile smart phone applications available that will display current lightning information, and some of the applications can send phone alerts based on specific user identified locations. One such application with alerts that I am currently checking out is made by Weathersphere called Lightning-Cast.

All of this information is not intended to replace common sense safety measures or your existing safety program as related to lightning safety, but could prove to be an additional source of information. In addition it is also important to understand the types of lightning strikes displayed (cloud to ground and/or cloud to cloud).

Of course my mention of any specific applications or websites is not to be intended as an endorsement by the University of Florida or of IFAS for these goods and/or services. These are just a couple of examples of the technology that is currently available.

(Source of the Florida graphical data NWS Melbourne, FL at: <http://www.srh.noaa.gov/mlb/?n=lightning>).



Citrus Soil and Leaf Sampling

It is approaching the optimum time of the year to collect citrus soil and leaf samples for analysis. As a quick review I have included the basics of soil and leaf sampling for citrus trees.

Select representative trees from an operational unit that you intent to manage nutritionally the same. Typically 15 to 20 trees are selected over this management unit for sampling. Collect your leaf and soil samples from these trees. You could further reduce the year to year variability in interpreting your analysis results by sampling the same trees from one year to the next. Today, GPS technology is everywhere from a portable unit in your truck to most smart phones. Even handheld units have become very affordable over the past few years. Use this technology to sample the same areas (trees) year after year.

Soil analysis is limited to providing very specific information that you, as a grove manager, can use in your production decisions. This information includes soil pH, phosphorous, calcium, magnesium and copper (if you specifically request the copper analysis). From these 15 to 20 trees, take a single soil core of an 8 inch depth from within the irrigation pattern of each tree. Place the cores in a clean bucket for collection. When you have collected all the necessary cores from a production unit, thoroughly mix the sample cores together. Take approximately one pint of the soil from the mixed sample for analysis. Also, don't forget that not all soil testing laboratories use the same extraction procedures to determine soil nutrient levels. Make sure, if you change soil testing labs from one year to the next, that you understand how to interpret the results.

Leaf analysis can be used for all essential elements including those determined in the soil analysis. As mentioned above, leaf samples can and should be collected from the same trees as the soil samples. One hundred healthy leaves from the 15 to 20 trees should be collected. These leaves should be 4 to 6 months old from non-fruiting twigs. This time frame will generally be between the months of July to September. In handling the leaf samples, keep the collected leaves out of

the heat. If they can not be sent out immediately, place in a refrigerator for overnight storage. For macronutrient analysis, the leaves need not be washed. If micronutrient analysis is desired, then the leaves will need to be washed to remove surface contamination. Washing of leaves can be done by soaking the leaves in a mild detergent solution and rubbing them between your thumb and forefinger. The washing of leaves should be done as soon as possible after collection. Some micronutrients are exceedingly difficult to remove (copper, manganese and zinc) through surface washing. One final thought on leaf analysis, as it relates to enhanced nutritional spray programs, is that it may be exceedingly difficult to make judgements using leaf analysis if you are applying frequent nutritional sprays to your trees.

Agricultural Tax Planning - The New Repair and Maintenance Regulations

(Author: Thomas J. Bryant, CPA is Senior Tax Partner, Beasley, Bryant & Company, CPA's, P.A., Lakeland, Florida (863) 646-1373).

This is the second of a series of articles on the new repair and maintenance regulations that became effective this year. As stated in last month's article, these regulations cover much more than repairs and maintenance and will change how business assets, repairs and supplies are handled. The new regulations affect virtually all businesses. These regulations govern when payments for tangible property may be expensed, and when they must be capitalized. This article will discuss in more detail the term "Unit of Property" (UOP). The new regulations **must be adopted** for taxable years beginning on or after January 1, 2014. Taxpayers, at their discretion, may also apply these final regulations or the former temporary regulations to years 2012 and 2013.

Unit of Property (UOP)

The new regulations generally define a UOP as consisting of all components of property that are functionally interdependent, and provide special rules for determining the unit of property for buildings, plant property and network assets. This article will focus on the UOP for buildings and plant property.

Buildings

Under the new regulations, each building and its structural components is considered a separate unit of property. In other words you have the building structure, walls, doors windows, floors etc. as one unit of property and eight other separate building systems. The eight separate building systems are as follows:

1. Heating, ventilation and air conditioning (HVAC) systems. Included are furnaces, chillers, ducts, boilers, pipes, motors, compressors etc.
2. Plumbing systems, including pipes, toilets, bathtubs, sinks, drains, sanitary systems and water distributions systems among others.
3. Electrical systems which include wiring, lighting fixtures, junction boxes, outlets and electrical distribution systems.
4. Escalators
5. Elevators
6. Fire-protection and alarm systems. Included are sprinkler heads and mains, associated piping, sensing devices, alarms and control panels, computer controls, fire doors and fire escapes, heat and smoke detectors, emergency exit lighting and signage, plus fire fighting equipment.
7. Security systems for the protection of the building and its occupants including alarm systems, security cameras, monitors and motion detectors, security lighting, window and door locks, and related wiring and junction boxes.
8. Gas distribution systems which include piping and equipment used to distribute gas.

All of the above systems include everything required to operate these building systems even if not mentioned above.

Most businesses large or small, for existing buildings, have included the building structure and many of the building systems into one account for each of their buildings. The asset classification for existing buildings must be changed to conform to the new units of property. This will be a time-consuming and difficult process as businesses are just beginning to realize. Some larger businesses may have completed a cost segregation analysis of their buildings which will be very helpful in making the conversion. Also keep in mind that assets initially placed in the proper MACRS class life (depreciation period) should not be assigned to a different class life due to the conversion to the new units of property.

Machinery and Equipment

The UOP for property other than buildings is defined as functionally interdependent machinery or equipment (other than network assets) that is used to perform an industrial process (e.g., manufacturing, generation, warehousing and other similar activities). Components of property are considered functionally interdependent if the placing in service of one component is dependent on the placing in service of the other component. This includes the business of raising or growing of crops and the raising of animals. The UOP for machinery and equipment may be broken down into smaller components. Some examples of farm units of property are tractors, combines, automated milking systems, water wells, fruit or nut bearing trees and vineyards and single purpose structures.

Network assets, not covered in this article are assets such as railroad tracks, gas pipelines, and telephone and cable lines owned or leased in each of those respective industries.

General or Multiple Asset Account Elections.

Property that is aggregated or subject to a general asset account election or accounted for in a multiple asset account may not be treated as a single unit of property.

De Minimis Safe Harbor Rule

For the benefit of those who may not have read or retained last month's issue of Citrus Notes, I am repeating the de minimis rule. This rule permits a current

deduction of any single item up to \$500 in cost. The taxpayer must have a written policy in place before the start of the taxable year and the policy must be elected each taxable year. Under the final regulations, the policy applies to **all** qualifying property, including materials and supplies. The limit is \$5,000 for businesses with audited financial statements or where the business is required to produce financial statements for a governmental agency other than the IRS. The regulations permit a business to use an expense amount in excess of the safe harbor amounts, but the business must defend the higher amount upon audit.

Summary

At this point in time, there are many unanswered questions regarding these new regulations which consist of more than 200 pages. The purpose of these articles is to introduce you to these numerous and complex regulations. Compliance with these new regulations will require changes in accounting methods and a future article may cover new IRS guidelines that aid taxpayers in requesting these accounting method changes.

For more information on this topic and other tax planning for farming, please contact me at (863) 640-2008 or Tom@beasleybryantcpa.com and /or Ryan Beasley at (863) 646-1373 or Ryan@beasleybryantcpa.com.

For information on other relevant topics visit our website at www.beasleybryantcpa.com.

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



Pesticide News & Information

Pesticide Residue Violations

The Florida Department of Agriculture and Consumer Services, Chemical Residue Laboratories, conducts pesticide residue testing of fresh fruits and vegetables with a focus on Florida-grown products. The table below lists Florida grown commodities found adulterated. Only a small fraction of all samples tested were violative and those found were at very low levels. Our labs conduct follow-up investigations to identify and verify the

source of the contaminated crop and remove it from distribution. The Division of Agricultural Environmental Services conducts misuse investigations to assist in correcting any pesticide misuse problems.

PRODUCT-COMMODITY	ANALYTE_NAME	FOUND (ppm)	TOLERANCE (ppm)
BEANS-SNAP, SUCCULENT	CHLORFENAPYR	0.24	0.01
BEETS-TOPS	CHLOROTHALONIL	0.090	0
BEETS-TOPS *	CHLOROTHALONIL	0.025	0
	CYAZOFAMID	0.053	0
CARAMBOLA	PERMETHRIN TOTAL	0.15	0
CARAMBOLA	PERMETHRIN TOTAL	0.19	0
CILANTRO	CYPRODINIL	13	3.0
CILANTRO	CYPRODINIL	9.5	3.0
CILANTRO	CYPRODINIL	7.4	3.0
CILANTRO	PENDIMETHALIN	0.096	0
PARSLEY	LINURON	0.63	0.25
RADISHES-TOPS	METOLACHLOR	0.025	0
RADISHES-TOPS	METOLACHLOR	0.053	0
SQUASH-SUMMER *	ACEPHATE	2.5	0
	METHAMIDOPHOS	0.052	0
	METHOMYL	0.50	0.20
SQUASH-SUMMER *	ACEPHATE	3.3	0
	DIMETHOATE + OMETHOATE	0.094	0
	METHOMYL	0.55	0.20
SQUASH-SUMMER	DIMETHOATE + OMETHOATE	0.210	0
STRAWBERRIES	CYFLUFENAMID	0.30	0.2
STRAWBERRIES	OXAMYL & OXAMYL OXIME	0.115	0
*Some samples contain multiple violations			

Careful application of pesticides according to label directions will avoid violations.

Tolerances can be found on the web at <http://www.ecfr.gov> in 40 CFR 180. We hope that, by posting these findings, additional misuse may be avoided.

Mosquito Pesticides and Shellfish

Four of the most common mosquito pesticides used along the east and Gulf coasts show little risk to juvenile hard clams and oysters, according to a new National Oceanic and Atmospheric Administration (NOAA) study. Approximately 200 mosquito species live in the United States. In addition to causing painful itchy bumps to people, mosquito bites can transmit serious diseases such as malaria, dengue fever, and West Nile virus. One approach to controlling mosquitoes is to apply pesticides by spraying from planes or trucks over a large area. However, to effectively control mosquitoes, the pesticides must target species which live in aquatic habitats that are also home to other estuarine species. Since many residential communities where the pesticides may be used are near these coastal aquatic habitats, the potential for direct overspray or unintentional drift into these waters is increased.

The study sought to address a lack of toxicity data for mosquito control pesticide effects on shellfish early life stages. The research team examined the toxicity of four mosquito control pesticides (naled, resmethrin, permethrin, and methoprene) to larval and juvenile life stages of hard clams (*Mercenaria mercenaria*) and Eastern oysters (*Crassostrea virginica*). Lethal thresholds were determined for the four pesticides, and differences in sensitivity were found between chemicals, species, and life stages tested. Overall, clams were more susceptible to mosquito control pesticides than oysters. Naled, an organophosphate chemical, was the most toxic compound in oyster larvae, while resmethrin was the most toxic compound in clam larvae. Decreased swimming activity was observed after four days in larval oysters and decreased growth was found in juvenile clams and oysters after 21 days. Using a hazard assessment, which compared the toxicity thresholds to concentrations expected in the environment, the researchers calculated a low-level of risk to clams and oysters from application of these pesticides for mosquito control.

Commercial shellfishing has a large economic national impact. NOAA Fisheries estimated that U.S. oyster and hard clam landings for 2010 were worth nearly \$118 million and \$41 million, respectively. Shellfish growers, however, are concerned that pesticide spraying near the coastlines may contaminate both their hatch-

eries and source waters. This is compounded by a lack of data on the toxicity of mosquito insecticides for these shellfish. (NOAA, 6/9/14).

USDA Funding for HLB

The U.S. Department of Agriculture announced in early June a total of \$31.5 million in funding to combat huanglongbing (HLB), commonly known as citrus greening disease, which has threatened to devastate Florida's \$9 billion citrus industry. As many as 70% of Florida's citrus trees are believed to be infected by greening, which is caused by bacteria injected into trees by Asian citrus psyllid. (Reuters, 6/12/14).

U.S. Pesticide Use

Pesticide use in the U.S. over the past 50 years has fluctuated – reaching a peak of 632 million pounds in 1981, dipping lower six years later to 468 million pounds and returning to 516 million pounds in 2008, a new USDA study reports. The study, a review of pesticide use on 21 selected crops from 1960 to 2008 – the most recently available data – examines the type of pesticides used over the study time period, as well as the crops on which they are commonly applied. The study affirms that pesticide use is driven by a range of factors, some controllable and others not. Most common factors identified included changes in planted acreage, crop and input prices, weather, pesticide regulations, the introduction of new pesticides and the adoption of genetically engineered seed. Types of pesticide used has also shifted during the study time period, with insecticides representing 58% of the poundage applied in 1960, but only 6% in 2008. Herbicides, the study said, represent the opposite – accounting for 18% of the pounds applied in 1960 but 76% by 2008. Along with use, the price of such inputs has also increased. The report found that total pesticide expenditures in U.S. agriculture were nearly \$12 billion in 2008, five times more than expenditures in 1960. Finally, USDA researchers determined that the top pesticide-using crop in the U.S. is corn, driven by more acreage on increasing demand for corn as livestock feed and its applications for biofuels. Soybeans, the second-largest user of pesticides in 2008, used herbicides most frequently. Potatoes were the third-largest user of pesticides (Farm Futures, 5/20/14).