

**VIRGINIA STATE APPLE BOARD  
ANNUAL REPORT  
July 1, 2013-June 30, 2014**

In 2003, Virginia apple growers voted to discontinue collecting the apple excise tax. Just one year later, a segment of the industry began work to reestablish the excise tax as a way to fund several important programs. A referendum was held in 2005 and the growers voted to reinstate the excise tax. The tax will only be collected on those growers who produce 5,000 bushels or more per year on a 5 year average. The rate collected will be .025 cents per bushel and the money will be divided between the U.S. Apple Association, the Virginia State Horticultural Society, the Virginia Apple Research Program, administration and reserve. This funding will continue to keep Virginia growers relevant in the national and international marketplace. The Virginia Department of Taxation will be responsible for collecting the taxes and transferring them to the Virginia Department of Agriculture. The money will be held by VDACS in cost code 646.

During the November 11, 2013 Board meeting, the Board voted to send 20% of the revenue collected to the U.S. Apple Association, 20% to the Virginia State Horticultural Society, 20% to the Virginia Agricultural Research Program, 10% to the reserve fund and 10% to the administration fund. The percentage amount for US Apple Association was reduced due to several years of paying more money than was being billed, resulting in an overpayment situation. The unallocated 20% will remain in cost code 646 to be distributed next year. The administrative and reserve funds will be held within the Virginia Department of Agriculture.

The 2013-14 growing season had the usual challenges for growers. While Virginia escaped any devastating conditions, late season freezes, hail, and fluctuating rainfall impacted growers across the state. The stinkbug infestation continued to be an issue but losses were not as severe as the previous year. Total apple production remained relatively constant and the quality was average to above average. Virginia continued to work with all major retail chains to place both bagged and tray pack apples regionally to capture the consumer's desire to "buy fresh and buy local". Internationally, Virginia continued to supply apples to Cuba and growers are anticipating that trend will continue. Central America was another area that bought Virginia apples. Virginia shippers also had spot sales to Russia. India is emerging as a potential growth market as sales have increased over the last 2 years.

Virginia did not export apples to Mexico during this selling season as the sizes and grades of apples that go to Mexico were limited. Mexico still has artificial barriers to trade imposed against apples from the Eastern United States and until these barriers are eliminated, Virginia growers will not develop the Mexican market like they could.

The Board funded Virginia's continued membership in the United States Apple Export Council. Funding went for educational work in Central America and other target markets to increase consumption of Eastern apples.

**Summary**

Virginia growers continue to face many challenges including rising land prices, increased costs of inputs (fuel, fertilizer, electricity), a difficult labor situation, increased regulations, the loss of chemicals, and the increasing global supply of apples. Despite these obstacles, improved growing practices including high density spindle plantings, new technologies, and rising consumer demand for locally grown produce have brought about a renewed sense of optimism.

Submitted by:

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Lynn Graves, Chair, Virginia Apple Board

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David Robishaw, Secretary

**Board Meetings and Member Attendance**

<b>Date</b>	<b>Location</b>	<b>Attendance</b>
November 11, 2013	Staunton	5
Heather McKay Shannon Showalter Lynn Graves	John Bruguiere Dudley Rinker	

## Financial Summary

### Cost Code 646

Cash Balance: 6/30/2013	\$21,984.81
Assessment Receipts: 7/1/13 – 6/30/2014	169,634.46
Total Cash Balance	191,619.27
Transfer to cc 647 – Reserve	19,162.53
Transfer to cc 648 - Admin	19,161.29
Cost Recovery Act	946.41
Total Actual Expenditures (from VDACS Financial Analysis)	38,324.00
Cash Balance: 6/30/2013	114,025.04

**Cost Code 647 - Reserve**

Cash Balance: 6/30/2013	\$80,500.60
Transfer from cc 646	19,162.53
Other receipts	0
Total Balance	99,663.13
Deduct Total Actual Expenditures (from VDACS Financial Analysis)	0
Cash Balance: June 30, 2013	\$99,663.13

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**Cost Code 648 - Administration**

Cash Balance: June 30, 2012	\$52,108.43
Transfer from cc 646	19,161.29
Other Receipts (Interest)	1,306.44
Total Balance	\$72,576.16
Deduct Total Actual Expenditures (from VDACS Financial Analysis)	11,605.89
Cash Balance: June 30, 2013	\$60,970.27