

**VIRGINIA STATE APPLE BOARD
ANNUAL REPORT
July 1, 2014-June 30, 2015**

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 new code reflected a change in the way the assessment would be calculated. The assessment 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 December 15, 2014 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 2014-2015 growing season had the usual challenges for growers. While Virginia escaped any devastating conditions, weather conditions played a role and 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". Virginia continues to increase its total export volume and growers are anticipating that trend will continue. Central America is the number one export market for Virginia shippers and will likely continue to remain the top market. India is emerging as a potential growth market as sales have increased over the last 2 years. Virginia hosted a group of Indian buyers on tour of production facilities that resulted in new sales for several shippers.

Virginia did not export apples to Mexico during this selling season. 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.

The Apple Board also funded an educational project through the Virginia Farm Bureau, “Agriculture in the Classroom”, that made educational materials available to public school children.

Summary

Virginia growers continue to face many challenges including rising land prices, increased costs of inputs, burdensome regulations, the loss of chemicals, the increasing global supply of apples, but the number one challenge remains labor. Growers are having an increasingly difficult time finding and keeping qualified and legal workers. 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:

Lynn Graves, Chair, Virginia Apple Board

David Robishaw, Secretary

Board Meetings and Member Attendance

Date	Location	Attendance
December 15, 2014	Staunton	7
Heather McKay Shannon Showalter Lynn Graves Bethany Hill	John Bruguiera Stephen Ginn Ruth Saunders	

Financial Summary

Cost Code 646

Cash Balance: 6/30/2014	\$114,025.04
Assessment Receipts: 7/1/13 – 6/30/2014	
Total Cash Balance	
Transfer to cc 647 – Reserve	14,851.53
Transfer to cc 648 - Admin	14,850.29
Cost Recovery Act	
Total Actual Expenditures (from VDACS Financial Analysis)	179,543.21
Cash Balance: 6/30/2015	\$30,650.59

Cost Code 647 - Reserve

Cash Balance: 6/30/2014	\$99,663.13
Transfer from cc 646	14,851.53
Other receipts	0
Total Balance	\$114,514.66
Deduct Total Actual Expenditures (from VDACS Financial Analysis)	0
Cash Balance: June 30, 2015	\$114,514.66

Cost Code 648 - Administration

Cash Balance: June 30, 2014	\$60,970.27
Transfer from cc 646	14,850.29
Other Receipts (Interest)	1,516.74
Total Balance	\$77,337.30
Deduct Total Actual Expenditures (from VDACS Financial Analysis)	429.15
Cash Balance: June 30, 2015	\$76,908.15