



Department of
Agriculture and Markets

New York State 2020 Apple Marketing Order Continuing Referendum Vote

Webinar Notes

- Please ensure your line is muted to minimize excess noise;
- If you are disconnected, please call back in. If any issue on our end, we will attempt to relaunch the webinar ASAP, hang on the line;
- At the end of the presentation, attendees will be allowed to voice their comments and/or questions as time allows. Once instructed, type your name into the “Chat” function to be considered and folks will be allowed 2 minutes to speak.
- Comments that are not addressed during the open forum may be directed via email at: william.shattuck@agriculture.ny.gov

Presentation Outline

1). Marketing Order Background

- * Laws/ Regulations Authorizing Marketing Orders
- * Departmental Duties

2). Apple Marketing Order - Overview

- * Program Purpose
- * AMO Advisory Board
- * Assessment Collection

3). Apple Marketing Order - History

- * Collections and Expenditures
- * Accomplishments



Presentation Outline

5). Continuing Referendum Vote Process

6). Open Discussion

* At end of presentation, folks will be prompted to enter name and will be allowed to speak for 2 minutes.

Marketing Order Background

Marketing Order Background

- **Marketing Orders currently administered by the New York State Department of Agriculture and Markets (the “Department”):**
 - Apple Marketing Order
 - Apple Research and Development Order
 - Onion Research and Development Order
 - Cabbage Research and Development Order
 - Sour Cherry Marketing Order

Marketing Order Background

- Marketing Orders are industry-initiated programs allowing for the collection of assessments to fund marketing and/or research of an agricultural product.
- Urban Development Corporation Act 174/68 Sections 16-Y and 16-Z authorize agricultural Marketing Orders, outlines mandatory procedures to create and maintain them.
- Each current Marketing Order is established within New York Codes, Rules and Regulations (NYCRR) Title 1, Chapter IV, Parts 201-205 to assist an industry achieve objectives that differ by individual order.

NYS Procedure to Create, Amend or Terminate a Marketing Order

- A producer or group of producers of a particular agricultural commodity may submit a petition along with proposed regulations.
- The Department's Commissioner reviews the proposed order, investigates the allegations contained therein and decides whether to begin the referendum process.
- The Department conducts public hearings on the proposed regulations to solicit feedback from affected growers. The Commissioner reviews hearing results and decides whether to move forward with a referendum vote.
- An order may be adopted by different percentages of voters approving, depending upon their percentage of the total quantity of the commodity marketed.

Marketing Order Background

- The Department's Division of Agricultural Development is responsible for oversight and administration of all farm product Marketing Orders, except for those involving dairy products.
- UDC Act 174/68 Section 16-Y stipulates administration costs are not to exceed 5 percent of each Marketing Order program's total budget.

Marketing Orders – Departmental Duties

- Establish and consult with appropriate Advisory Board to establish funding priorities and recommend an annual scope of work/ budget
- Ensure appropriate assessments are received from growers
 - Review harvest and sales information for all known growers
 - Send notices and follow-ups regarding delinquent payment
 - Research unregistered growers responsible for submitting assessment
- Monitor assessment collection and perform monthly reconciliations
- Develop/ submit contracting documents for internal approval
- Review and process contract payments and cost justifications
- Coordinate mailings to growers for each commodity
- Provide informational assistance to growers
- Maintain grower and contract files

Apple Marketing Order Overview

Apple Marketing Order Overview

- The AMO was first established July 1, 1959 by industry petition; governed by NYCRR Title I, Chapter IV, Part 201.
- AMO regulations allow for “...advertising, promotion, and publicity programs (that) will create new markets for apples, and/or apple products, or maintain markets therefor.”
- Funds may be used for marketing, product research, and information services.

Apple Marketing Order Restrictions

“No advertising, promotion or publicity programs shall be conducted with reference to any particular private brand or trade name.”

“...no such program shall disparage the quality, value sale or use of any other agricultural commodity.”

“The rate of assessment shall not exceed: eight cents (per hundred weight for processing); sixteen cents per bushel weight...sold for fresh market use.”

Apple Marketing Order – Advisory Board

- Regulations dictate an AMO Advisory Board (the “Board”) is to be maintained consisting of New York growers, processors and storage operators from across the State, balanced by geographical representation (i.e. – Western NY and Eastern NY).
- The Board informs the Department of industry marketing priorities annually and reviews proposed budget. Recommendations are provided to the Department for Commissioner approval.
- Board members serve 2-year terms.

Apple Marketing Order – Advisory Board

The Board is tasked with the following duties each year:

- Recommend the assessment rate for fresh and processed apples (not to exceed maximum amount prescribed in regulations).
- Recommend a budget based on anticipated funding levels and activities based on industry need.
- Recommend whether unspent funds from the prior year, if any, should be “carried over” for current year activities.

The Commissioner reviews and decides whether to approve these recommendations.

Apple Marketing Order – Assessment Collection

- The Department acquires:
 - “Declaration of Harvest” from all growers annually;
 - Quarterly sales reports from growers, processors and sales agents;
 - Payment of quarterly assessment based on current rate.
- The Department compares amounts provided in Declarations of Harvest to the cumulative quarterly reports submitted during the year. Entities reporting significant variances are contacted to ensure proper reporting.
- Department staff work with entities if supplemental reporting and assessments are required to come into compliance.

Apple Marketing Order – Assessment Collection

- Growers, processors and sales agents are currently assessed at \$0.08 per .cwt (hundred-weight) of processed apples sold and \$0.16 per bushel of fresh apples sold.
- Growers are tasked with paying AMO assessments for apples they sell directly to market.
- Processors and Sales Agents are responsible for paying assessments on apples which they sell on behalf of growers.

Apple Marketing Order – Assessment Collection

- Approx. 600 entities are currently included in the AMO (growers, processors and sales agents).
- The Department performs continuous outreach with industry, working with multiple associations to ensure a comprehensive list of apple-producing entities (e.g. – New York Apple Association, NYS Horticultural Society, NY Farm Bureau, etc.).
- Assessments may only be used for Marketing Order activities and cannot be repurposed for any other program.

Apple Marketing Order History

AMO Assessments Collected Since 2012 (Based on Reported Sales July – June)

Year	Assessments Collected
2012	\$ 1,701,008.45
2013	\$ 1,983,719.88
2014	\$ 2,098,973.62
2015	\$ 2,209,777.61
2016	\$ 1,973,720.03
2017	\$ 1,874,077.48
2018	\$ 2,082,701.94
2019	\$ 1,967,925.68



AMO Expenditures Since 2012 (July – June)

Year	AMO Expenditures
2012	\$ 1,498,670.86
2013	\$ 1,993,844.91
2014	\$ 2,206,352.72
2015	\$ 2,231,672.66
2016	\$ 2,199,537.11
2017	\$ 1,796,665.78
2018	\$ 2,306,274.12
2019	\$ 2,095,633.30



Apple Marketing Order Collections vs. Expenditures

- Annual assessment collections since 2012 between \$1.7M and \$2.2M
- 8-Year Avg. Annual AMO Assessment Collection = \$ 1,986,488.09
- 8-Year Avg. Annual AMO Expenditures = \$ 2,041,081.43
- Spending slightly outpaced collection in this timeframe to utilize funds in reserve.

Apple Marketing Order Accomplishments

Recent AMO Activities through the New York Apple Association (2019-20 Period)

- Heavy radio, television and social media advertising of NY apples, including grower-featured videos, achieving 55 million consumer impressions annually.
- Website enhancements including extensive search engine for buying local apple products.
- Over 8,100 grocery stores reached through programs such as digital retail coupons, ad support, in-store sampling, display contests, bin rebate programs, cross merchandising, and a dietitian toolkit made available to retailers nationwide.
- New York apple sampling at 710 grocery stores.
- Presence of NY apples in digital trade publications, reaching approx. 18,000 industry professionals.

Apple Marketing Order Accomplishments

Recent AMO Activities through the New York Apple Association (2019-20 Period)

- Widespread use of rebranded packaging using “Apples from New York” logo.
- 670 school districts reached to increase sourcing of NY apples.
- Extensive promotion of NY apples at trade shows/ events (e.g. - Big Apple Crunch, Applepalooza, 2019 New York City Marathon, Fresh Summit, New York and New England Produce Shows, Southeastern Produce Conference).
- Retailer and shipper meetings and 5-year strategic planning meeting allowing for industry needs to be voiced.
- Educational/ promotional materials developed for industry use (e.g. - point-of-sale / collateral resources including price cards, recipes, grower-featured videos, how-to cooking videos, display units, tote bags, etc.).

Apple Marketing Order Accomplishments

2020 AMO Solicitation

- 2020 AMO solicitation garnered various industry proposals.
- The AMO Board has recommended funding a marketing research project aimed at identifying new and emerging market opportunities (through Category Partners).
- Data will integrate consumer/market/retail/category research to better understand purchase preferences.
- Markets will be identified where New York apples have opportunities for growth.

Annual New York Apple Sales

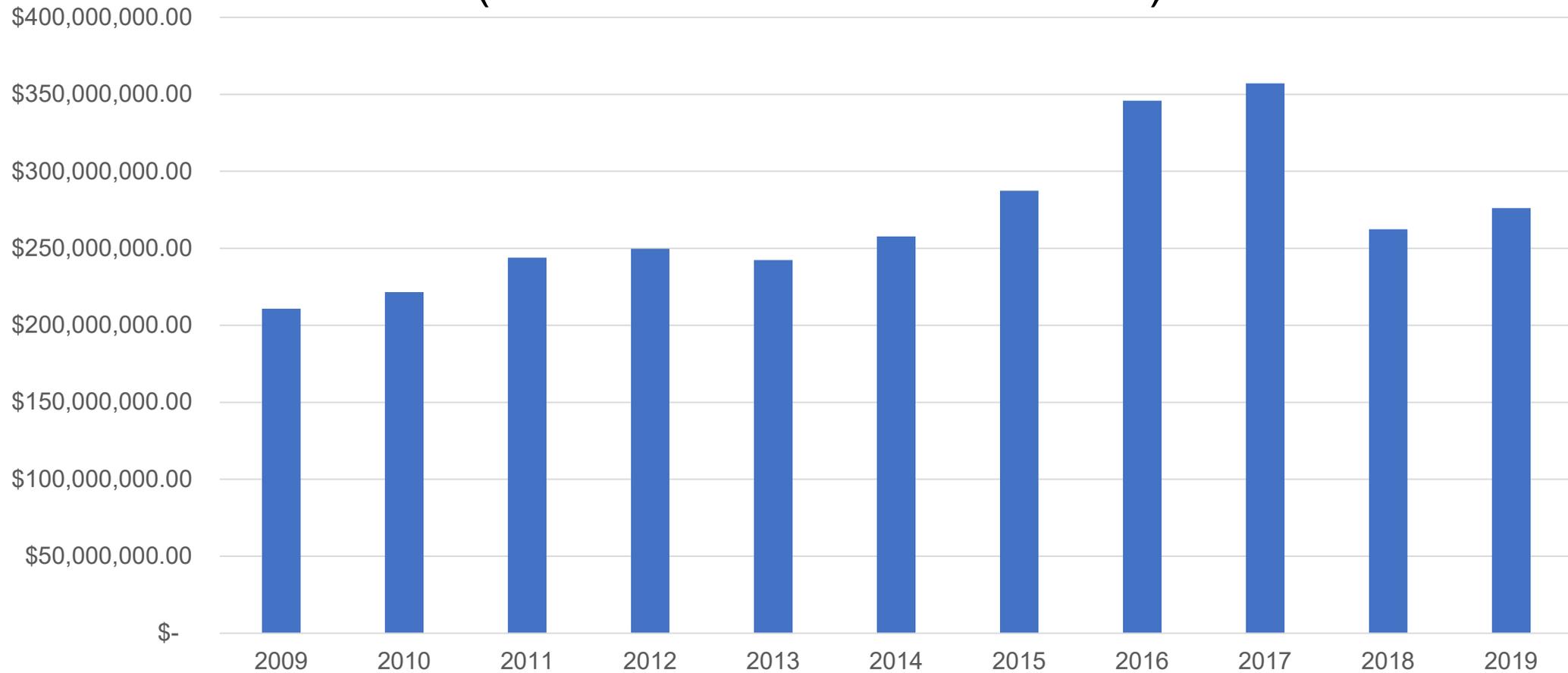
(USDA NASS Data as of 9/7/20)

Year	Sales of NY Apples (per USDA survey data)
2012	\$ 249,790,000
2013	\$ 242,333,000
2014	\$ 257,665,000
2015	\$ 287,425,000
2016	\$ 345,935,000
2017	\$ 357,238,000
2018	\$ 262,345,000
2019	\$ 276,199,000



Annual New York Apple Sales

(USDA NASS Data as of 9/7/20)



■ Annual Sales of NY Apple Sales Statewide



Department of
Agriculture and Markets

Apple Marketing Order

Sales of NY Apples vs. AMO Expenditures

- Avg. AMO Expenditures (2012 – 2019) = \$ 2,041,081.43
- Avg. Annual NY Apple Sales (2012 – 2019) = \$ 284,866,250.00
- Avg. annual sales 2012-2019 represents a sustained 14% increase over 2012 sales through current AMO period.
- Approx. 0.72% of annual NY apple sales invested in AMO activities.

AMO Continuing Referendum Vote Process

Apple Marketing Order Continuing Referendum Vote Process

- Regulations state that once in every 8 years, a vote to substantiate industry approval of the AMO must be conducted.
- Apple-producing entities are entitled to 1 ballot vote. This is limited to growing operations.
- Processors, sales agents and/or storage operators without an apple-growing operation are not eligible to vote.
- Ballots will be mailed to all known grower establishments the last week of September 2020, but are currently available via the following link:
<https://agriculture.ny.gov/farming/marketing-order-administration>

Apple Marketing Order Continuing Referendum Vote Process

- Ballots must be mailed-in and received by the Department no later than **October 26th, 2020**
- Submitted ballots will only be considered valid if signed, clearly marked and received by the deadline.
- Ballots will be reviewed, verified, tabulated and submitted for Commissioner approval.
- If a majority (over 50%) of ballots in favor of the program is returned, industry approval confirmed. Previous vote results: 2013 = 73.8% in favor; 2015 = 71% in favor.

Apple Marketing Order Continuing Referendum Vote Process

- If a majority vote in favor of the AMO is achieved, the program will continue for another 8-years.
- If a majority of returned ballots are not in favor of the AMO, industry outreach would be performed to understand the industry's major issues.
- As previously stated, a petition would need to be received from the apple industry in order to amend or terminate the AMO (signed by 25% of the industry), which would then be followed by verification, public hearings and another industry majority vote in order to become adopted.

Open Discussion

- Please type in your name in the “Chat” bar to the right of the screen if you would like to speak.
- Names will be called upon in order of entry. Speakers will be allowed 2 minutes to voice their questions or comments regarding the AMO. If comments are not addressed, you may send via email: william.shattuck@agriculture.ny.gov
- If the “Chat” option is disabled, select the talk bubble icon at the bottom center of the screen to re-enable.



Important Links

- [New York State Department of Agriculture and Markets, Market Order Administration Page](#)
- [United States Department of Agriculture – National Agricultural Statistics Service](#)
- NYS Market Order Administrator:
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Thank you!