

California Avocado Growers Make Significant Mark on State's Economy

Billions in Economic Output, Millions in Labor Income and Indirect Business Taxes, and Tens of Thousands of Jobs

A new series of reports from the Tootelian Company, commissioned by the California Avocado Commission, demonstrate the significant role California avocado growers and handlers play in strengthening the state's economy. A total of nine reports — one measuring the statewide economic impact and the others examining impacts within specific avocado-producing counties — were completed. Each of the studies examines the increased business activity created by growing and bringing avocados to market, the jobs created across various sectors of the economy, the income generated by employees of the industry and indirect business taxes generated.

Grower Expenditures

According to *The Economic Impact of Avocado Growers and Handlers in the State of California*, California avocado growers' annual expenditures for conventional production are estimated to be just over \$681 million, which equates to nearly \$1.9 million per day. These expenditures represent the costs associated with, among others, growing and harvesting avocados on bearing acreage, developing non-bearing acreage, and moving avocados from field to market. The researchers estimated that grower cost per acre in production is \$13,912 and \$12,156 per acre for land under development.

The subsequent projections discussed in this article are based on the annual expenditures noted above.

Business Activity and Jobs Generated by California Avocado Growers

Researchers determined California avocado growers' annual economic impact based on the overall output (or business activity) growers generate, the jobs they create, the labor income produced, and the indirect business taxes that result from increased business activity caused by avocado growers.

According to the report, California avocado growers are projected to generate nearly \$1.4 billion of overall business activity annually in California — nearly \$3.8 million each day of the year. Nearly half of this impact (49.7%) is generated by growers' direct spending, while the remainder is the result of increased business activity fed by growers' spending.

As a result of spending by California avocado growers, an additional 12,700 jobs will be created on an annual basis. Of this number, approximately 59% of those jobs will be the result of growers' business operations, with the rest generated by their spending in other economic sectors.

Labor Income

California avocado growers will generate more than \$581.8 million per year (or \$1.6 million every day) in labor income that is diffused throughout the state as households spend this income on a variety of goods and services. Utilizing consumer expenditure patterns from the U.S. Bureau of Labor Statistics, the report estimates that the majority of this labor income will be diffused as follows: more than \$158 million for housing-related expenses, nearly \$73 million for transportation/vehicles, about \$62 million for food and \$34 million for healthcare. The remainder is projected to be spent on apparel/services, entertainment, cash contributions, education, gifts of goods/services, and personal care products/services.

Indirect Business Taxes

Another \$35.5 million in additional indirect business taxes will be created annually in the state due to the increased business activity generated by California avocado growers. These tax dollars are equivalent to nearly \$97,400 each day that can be used to help fund various state programs that benefit California communities.

The reports' authors obtained State Funds budgets from



CALIFORNIA AVOCADO HANDLER STATEWIDE ECONOMIC IMPACT*

EXPENDITURES: \$ 85.4 million
ECONOMIC ACTIVITY: \$ 155.2 million
JOBS: 1,825
LABOR INCOME: \$ 84.9 million
INDIRECT BUSINESS TAXES: \$ 5.3 million

*Data represents activities associated only with California avocados.

CALIFORNIA AVOCADO GROWER IMPACT BY COUNTY

Data presented below represent annual projected California avocado grower economic impact.

VENTURA COUNTY GROWER EXPENDITURES: \$ 171.2 million ECONOMIC ACTIVITY: \$ 311.5 million JOBS: 3,955 LABOR INCOME: \$ 159.6 million INDIRECT BUSINESS TAXES: \$ 8.7 million	SAN LUIS OBISPO COUNTY GROWER EXPENDITURES: \$ 29 million ECONOMIC ACTIVITY: \$ 45.1 million JOBS: 400 LABOR INCOME: \$ 15.1 million INDIRECT BUSINESS TAXES: \$ 1.1 million
SAN DIEGO COUNTY GROWER EXPENDITURES: \$ 250.4 million ECONOMIC ACTIVITY: \$ 402.2 million JOBS: 7,350 LABOR INCOME: \$ 168 million INDIRECT BUSINESS TAXES: \$ 10.1 million	RIVERSIDE COUNTY GROWER EXPENDITURES: \$ 49.8 million ECONOMIC ACTIVITY: \$ 82.4 million JOBS: 1,025 LABOR INCOME: \$ 33.1 million INDIRECT BUSINESS TAXES: \$ 2.1 million
ORANGE, SAN BERNARDINO & LOS ANGELES COUNTIES GROWER EXPENDITURES: \$ 17 million ECONOMIC ACTIVITY: \$ 29.7 million JOBS: 340 LABOR INCOME: \$ 10.5 million INDIRECT BUSINESS TAXES: \$ 709,500	TULARE, FRESNO & KERN COUNTIES GROWER EXPENDITURES: \$ 1.1 million ECONOMIC ACTIVITY: \$ 1.8 million JOBS: 16 LABOR INCOME: \$ 737,500 INDIRECT BUSINESS TAXES: \$ 45,700
MONTEREY COUNTY GROWER EXPENDITURES: \$ 1.6 million ECONOMIC ACTIVITY: \$ 2.8 million JOBS: 30 LABOR INCOME: \$ 1.5 million INDIRECT BUSINESS TAXES: \$ 75,800	SANTA BARBARA COUNTY GROWER EXPENDITURES: \$ 56.9 million ECONOMIC ACTIVITY: \$ 102 million JOBS: 1,215 LABOR INCOME: \$ 56.1 million INDIRECT BUSINESS TAXES: \$ 2.5 million

a variety of departments to illustrate how these indirect tax dollars generated by California avocado growers' spending could support various California operations. For example, these indirect business taxes could fund more than 231% of the Emergency Medical Services Authority budget, nearly 110% of the Arts Council budget, 49% of the Department of Aging, 47% of the Department of Rehabilitation, 37% of the Military Department or 28% of the Department of Conservation's budget.

Where California Avocado Growers Generate the Greatest Impact

While growers' spending clearly has a demonstrable impact on the economic vitality of the state, the authors also were able to identify those industries most impacted by this business activity.

The greatest economic impact would be experienced in the farming (\$815 million), professional services (\$153 million),

real estate (\$97 million), manufacturing (\$78 million), and retailing/food services (\$69 million) industries. Most jobs would be created in the farming, professional services, retailing/food services, health and real estate industries. The industries generating the most labor income would be farming, professional services, retailing/food service, health and wholesaling. And, finally, the most indirect business taxes would be produced in the retailing/food services, wholesaling, farming, real estate and professional services sectors.

Economic Impact Studies Available Online

The impact studies are available on the California avocado grower website at CaliforniaAvocadoGrowers.com/commission/accountability-reports/impact-reports. For more information on the specific impact California growers have on the counties in which they produce, interested parties are encouraged to view the eight county-specific analyses produced by the Tootelian Company. 🥑