

Date of Hearing: April 10, 2024

ASSEMBLY COMMITTEE ON AGRICULTURE
Esmeralda Soria, Chair
AB 1833 (Addis) – As Introduced January 12, 2024

SUBJECT: Mushrooms

SUMMARY: This bill defines what constitutes a California-grown mushroom, for labeling purposes, and set penalties for mislabeling of mushrooms that do not met California definitions. Specifically, *this bill*:

- 1) Requires mushrooms that indicate on its label “California Mushroom,” “California Grown,” or uses words of similar import that indicate that California is the source of the mushroom is 100 percent grown in California.
- 2) Defines “grown” to include mushrooms that are inoculated, incubated, and harvested in California, for purpose of this law.
- 3) Requires the California Department of Food and Agriculture (CDFA) to assess a civil penalty for violations of this law in an amount not less than five thousand dollars (\$5,000) for the first violation, not less than ten thousand dollars (\$10,000) for the second violation and not less than twenty thousand dollars (\$20,000) for the third or any further violations.

EXISTING LAW:

- 1) Makes it unlawful to produce, process, sell, offer for sale, give away, or possess olive oil that indicates on its label “California Olive Oil,” or uses similar words to indicate that California is the source of the oil, unless 100% of that oil is derived from olives grown in California. (Health and Safety Code (HSC) 112895)
- 2) Defines “California grown,” “California-grown,” and similar terms with identical connotations shall be used in the labeling or advertising of agricultural products as follows: The terms “California grown,” “California-grown,” and similar terms with identical connotations food or agricultural products that have been produced in the state or harvested in its surface or coastal waters. (Food and Ag Code (FAC) 43100)
- 3) Requires, if a false, deceptive, or misleading use of the term “California grown,” “California-grown,” or similar terms with identical connotations, violators to be subject to the provisions and penalties. (FAC 43100)

FISCAL EFFECT: Unknown.

COMMENTS: California is the second largest mushroom producing state with annual sales totaling \$255 million, There were 70 mushroom farms reported in the 2017 Census of Agriculture totaling over 6 million square feet of growing area.

The demand for medicinal and functional mushrooms has been increasing recently, with 15.25 million tons sold in 2021. That number is projected to increase to 24.05 million by 2028 at a compound annual growth rate estimated between 6-11% (Fortune Business Insights, 2022).

Supporters state, a barrier preventing California mushrooms farmers from capitalizing on the strong market demand is misrepresentation in the marketplace. California farmers growing mushrooms in the state face unfair competition from companies growing mushrooms mostly abroad but labeling them as “Product of USA.”

Mushrooms are unique because they are not grown in the ground, instead they are grown in containers, such as beds or bags, which are very easy to transport overseas. This makes it easy to begin the growth cycle in one location, and then transport them to a different location for the final fruiting stage.

Currently, as long as a mushroom is harvested in the United States, it can be labeled as a “Product of the USA.” This creates an uneven playing field for farmers who complete the entire growth cycle in California from producing mushroom seed, sterilizing the substrate, and introducing the spawn all the way through fruiting.

California farmers who grow mushrooms entirely in California, from inoculation and incubation to harvest, have no way to distinguish themselves in the marketplace. At the same time, California farmers face some of the highest production costs in the world with high costs of labor, land, water, and compliance with state regulations. California farmers should have the opportunity to share with consumers that they meet the high bar of growing mushrooms entirely in California.

According to the author, the current labeling system creates a lack of transparency for consumers. There is no clear way for a consumer to distinguish where the mushroom originates. When consumers want to make a mindful decision to support their local food economy, they lack the correct data.

Prior Legislation:

AB 535 (Aguiar-Curry) Chapter 466, Statutes of 2021: Required a container of olive oil produced, processed, sold, offered for sale, given away, or possessed in California that includes "California" in any form on its principal display panel and contains olive oil derived from olives grown outside California to disclose the minimum percentage of olive oil in the container derived from olives grown in California.

SB 1293 (Chesbro), Chapter 831, Statutes of 2000: Prohibited the sale of wine-using a brand name or appellation suggesting the wine is made from Napa Valley grapes-unless the wine qualifies for Napa Valley or Napa County appellation of origin.

REGISTERED SUPPORT / OPPOSITION:**Support**

Agricultural Institute of Marin
California Certified Organic Farmers (CCOF)
Community Alliance With Family Farmers
County of Santa Clara
Del Fresh Produce
E&h Farms
Far West Fungi

Foggy Dew Fungi
Fungaia Farm
Global Mushrooms
Growing Roots
Long Beach Mushrooms
Mighty CAP Mushrooms
Monterey Mushrooms
Roots of Change
Smallhold
Sumano's Organic Mushrooms
Sustainable Agriculture Education
We Grow Urban Farm

Opposition

None on file.

Analysis Prepared by: Victor Francovich / AGRI. / (916) 319-2084