

Date of Hearing: June 26, 2024

ASSEMBLY COMMITTEE ON AGRICULTURE  
Esmeralda Soria, Chair  
SB 1270 (Grove) – As Amended March 18, 2024

**SENATE VOTE:** 38-0

**SUBJECT:** Department of Food and Agriculture: farm products: licenses and complaints: fees

**SUMMARY:** This bill would restructure and increase the complaint filing fee, the fee schedule for licenses issued to a person who contracts, solicits, negotiates, or acts as a processor or a cash buying processor on behalf of a processor, and the fee for each agent of a licensed producer or dealer/broker. This bill also establishes the Market Enforcement Advisory Committee to advise the secretary and make recommendations on all matters pertaining to the licensing program. Specifically, **this bill:**

- 1) Would increase the complaint filing fee as follows:
  - a. For complaints alleging an amount due of less than \$100,000, the filing fee shall be \$200.
  - b. For complaints alleging an amount due of \$100,000 or more but less than \$250,000, the filing fee shall be \$300.
  - c. For complaints alleging an amount due of \$250,000 or more, the filing fee shall be \$500.
- 2) Would require an agent to pay \$100 for each license period of the principal.
- 3) Would establish the following schedule for application fees:
  - a. For a dollar volume less than \$20,000, the fee shall be \$250.
  - b. For a dollar volume of \$20,000 but less than \$50,000, the fee shall be \$350.
  - c. For a dollar volume of \$50,000 but less than \$2,000,000, the fee shall be \$450.
  - d. For a dollar volume of \$2,000,000 but less than \$4,000,000, the fee shall be \$550.
  - e. For a dollar volume of \$4,000,000 and over, the fee shall be \$650.
- 4) Would establish the Market Enforcement Advisory Committee with the following:
  - a. The committee shall be comprised of up to 12 voting members; which shall include a balanced representation of growers, processors, and produce dealers, or representatives from organizations that advocate on behalf of these industry groups.
  - b. The Secretary shall appoint the members of the committee after receiving recommendations from the industry.
  - c. The Secretary shall ensure there is representation on the committee from a diverse population of industries, regions, business sizes, and farm product commodities.
  - d. The Secretary may appoint one additional member to the committee, from nominees received from the committee, who shall serve as the public member. The public member shall represent the interests of the public on all matters coming before the committee and shall have the same voting and other rights and immunities as other members of the committee.

- e. The term of office for a member of the committee will be 3 years.
- f. Allows the committee to meet via teleconference in order to encourage participation by members.

**EXISTING LAW:**

- 1) Establishes the Market Enforcement Branch (MEB) within the California Department of Food and Agriculture (CDFA). The mission of the MEB is to objectively enforce laws enacted to ensure confidence and stability in the agricultural marketplace and to protect against unfair business practices between producers, handlers, and processors of California farm products. The MEB licenses entities such as dealers, brokers, commission merchants, cash buyers, and processors that handle California farm products for the purpose of resale or processing. It also addresses complaints filed by producers or licensees and investigates violations and dispenses disciplinary action when appropriate. The MEB is solely funded by the registration fees collected.
- 2) Establishes the complaint filing fee to be in the amount of \$100 (*Food and Agricultural Code (FAC) 55722.5(a)(1)*).
- 3) Establishes that an agent shall pay fifty-five dollars (\$55) for each license period of the principal (*FAC 55861(a)*).
- 4) Establishes a maximum application fee to be paid to CDFA in accordance with the following schedule (*FAC 55861(b)*):
  - a. For a dollar volume less than \$20,000, the fee shall be \$136.
  - b. For a dollar volume of \$20,000 but less than \$50,000, the fee shall be \$200.
  - c. For a dollar volume of \$50,000 but less than \$2,000,000, the fee shall be \$300.
  - d. For a dollar volume of \$2,000,000 but less than \$4,000,000, the fee shall be \$400.
- 5) Authorizes the Secretary to fix fees at a lesser amount whenever the secretary finds the cost of administering this chapter can be sustained with those below-maximum fees (*FAC 55861.5*).
- 6) Authorizes the Secretary of CDFA to appoint an advisory committee of producers and licensees to provide guidance in establishing those fees for each kind of license or to rely on input from any similar advisory committee already assembled by the secretary (*FAC 55861.5 and 56571.5*).

**FISCAL EFFECT:** CDFA estimates that this bill would increase MEB revenues by \$1.6 million per year (Food and Agriculture Fund). Administrative costs to the Department would be minor and absorbable.

**COMMENTS:** According to the author, The MEB is funded entirely by its fees, and these fees have not been updated since 2010. Because of MEB, growers and handlers are able to have their verified complaints relating to contract issues investigated. Without this process, they would have to seek other more cumbersome and costly ways to resolve issues such as failure to pay, breach of contract, and failure to account properly. In addition to being costly and time-consuming, other alternatives could lead to unfair business practices amongst producers and handlers, and processors of California farm products, which would, in turn, negatively impact the

marketplace. Thus, keeping the MEB solvent is in the interest of all farmers, especially low-income farmers.

Supporters' state, MEB conducts investigations filed by growers and licensees, verifies the accuracy of transactions, verifies licensing statute, conducts operational sweeps and volume checks, educates the industry on licensing requirements and Branch services offered, and more. MEB is 100% industry-funded but is no longer generating sufficient revenue to offset operational costs and is on the road to going insolvent within a few years. This bill will ensure MEB is properly funded to continue serving farmers.

**REGISTERED SUPPORT / OPPOSITION:****Support**

California Association of Winegrape Growers  
California Farm Bureau

**Opposition**

None on file.

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