

Date of Hearing: June 26, 2024

ASSEMBLY COMMITTEE ON AGRICULTURE

Esmeralda Soria, Chair

SB 1367 (Hurtado) – As Amended April 17, 2024

SENATE VOTE: 39-0

SUBJECT: Agriculture: commercial feed: inspection tonnage tax: research and education

SUMMARY: Would extend the sunset of the inspection tonnage tax; and the authority for the secretary of the California Department of Food and Agriculture's (CDFA) to designate a specified amount of revenues from the inspection tonnage tax for commercial feed. These revenues would go towards research and education regarding the safe manufacture, distribution, and use of commercial feed from January 1, 2025 to January 1, 2031. Specifically, **this bill:**

- 1) Extends the tonnage tax at the maximum rate of \$0.25 per ton of commercial feed sold, except whole grains, and whole hays when unmixed, to be paid to the secretary of CDFA by any person who distributes commercial feed to a consumer-buyer in California and the distributor to pay an inspection tonnage tax for purchased commercial feed fed to the distributor's own animals from January 1, 2025 to January 1, 2031.
- 2) Extends the secretary's authority to designate a specified amount of the revenues from the tonnage taxes collected to carry out the provisions of this chapter and to designate 15%, or \$200,000, whichever amount is greater, for research and education from January 1, 2025 to January 1, 2031.

EXISTING LAW:

- 1) Establishes a tonnage tax for commercial feed with a maximum rate of \$0.25 per ton and requires the distributor to pay an inspection tonnage tax for purchased commercial feed fed to the distributor's own animals (*Food and Agricultural Code (FAC)15061 (a)*).
- 2) Authorizes the secretary, based on a finding and recommendation of the Feed Inspection Advisory Board, to determine the specific rate necessary to provide the revenue needed to carry out this chapter (*FAC 15061 (b)*).
- 3) Authorizes the secretary, based on a finding and recommendation of the Feed Inspection Advisory Board, to designate 15% of the tonnage taxes collected, or \$200,000, whichever amount is greater, to provide funding for research and education on the safe manufacture, distribution, and use of commercial feed (*FAC 15061 (c)*).
- 4) States this authority shall remain in effect until January 1, 2025 (*FAC 15061 (d)*).
- 5) Establishes the Safe Animal Feed Education Program (SAFE) which provides educational resources, trainings, outreach, and research grant opportunities to help the California commercial feed industry ensure the safe manufacture and use of commercial feed.

FISCAL EFFECT: Unknown.

COMMENTS: This funding mechanism is the only source of funding for the SAFE Program. The SAFE Program has been pivotal in providing resources and guidance documents on:

- 1) Industry compliance with the Food Safety Modernization Act (FSMA);
- 2) Navigating and developing compliant medicated feed labels;
- 3) Helping distributors validate a complete and accurate veterinary feed directive order;
- 4) Reading and creating labels;
- 5) Finding resources and educational materials on commercial feed and feed ingredients, feed ingredient approval processes, and annual program reports;
- 6) Educating the industry on the safe diversion of human food waste to commercial feed.

The SAFE Program also provides funding through grants for research to support the needs of the California livestock feed industry.

According to the author, the passage of this bill would allow for further protection of the SAFE program, and continue the unique collaboration between SAFE, the commercial feed industry, and researchers. This unique collaboration benefits both the agricultural community and consumers.

Supporters' state, the SAFE Program provides educational resources, training programs, outreach, and research grant opportunities to help the California commercial feed industry ensure the safe manufacture and use of commercial feed. The program is funded via the commercial feed tonnage assessment, which currently has a sunset date of January 1, 2025. If the sunset is not extended, the funds allocated for the SAFE program will cease.

REGISTERED SUPPORT / OPPOSITION:

Support

California Grain and Feed Association

Opposition

None on file.

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