
SENATE COMMITTEE ON AGRICULTURE
Senator Andreas Borgeas, Chair
2021 - 2022 Regular

Bill No: AB 2499 **Hearing Date:** 6/21/22
Author: Maienschein
Version: 5/19/22
Urgency: No **Fiscal:** Yes
Consultant: Reichel Everhart

Subject: Organic products sector: Organic Transition Pilot Program

SUMMARY:

This bill creates, by July 1, 2023, the Organic Transition Pilot Program within the California Department of Food and Agriculture (CDFA). The program shall support the economic viability of limited resource and socially disadvantaged farmers or ranchers who plan to transition land to comply with the federal Organic Foods Production Act of 1990 by providing incentives, including, but not limited to, grants, research, technical assistance, and educational materials and outreach. This bill requires the Governor’s Office of Business and Economic Development (GO-Biz) to conduct a comprehensive, statewide market analysis of the total economic impacts of California’s organic products sector and post the analysis on its website on or before July 1, 2023. The bill requires CDFA to report annually to the legislature the number of grants awarded, the number of grant awardees who obtained organic certification, the names of the technical assistance providers that received grants and a summary of the assistance they provided. The bill states the provisions of this bill shall be repealed by January 1, 2032.

BACKGROUND AND EXISTING LAW:

Existing state law:

- 1) Establishes the California State Organic Program (SOP) within CDFA. The United States Department of Food and Agriculture has provided funds from the National Farm Bill to CDFA to distribute to operations that have been certified organic by a USDA-accredited certifier to help offset the cost associated with obtaining organic certification (*Food and Agricultural Code 46004.1 (y)*).
- 2) Establishes the California Organic Products Advisory Committee (COPAC) which advises the secretary of CDFA on issues related to organic standards and enforcement, education and outreach in California (*Food and Agriculture Code, Section 46003*).

- 3) Establishes the California Organic Products Act of 2003, which requires the secretary of CDFA, county agricultural commissioners, and the director of the Department of Public Health to enforce state and federal laws governing the production, labeling, and marketing of organic products (*Health and Safety Code Sections 110810-110959*).
- 4) Establishes the Governor's Office of Business and Economic Development (GO-Biz). GO-Biz serves as California's single point of contact for economic development and job creation efforts in the state. GO-Biz provides a range of services to business owners, including attraction, retention and expansion services, site selection, permit streamlining, clearing of regulatory hurdles, small business assistance, international trade development, and assistance with state government, to name a few (*Government Code Section 12096 - 12100.110*).

Existing federal law:

- 1) Establishes the Organic Food Production Act of 1990, which creates the National Organic Program (NOP). The NOP develops the rules and regulations for the production, handling, labeling, and enforcement of all USDA organic products. (*Title 7 USC Ch. 94: Organic certification*).
- 2) Defines "socially disadvantaged group" as a group whose members have been subjected to racial or ethnic prejudice because of their identification as members of the group without regard to their individual qualities. Some sections of federal code also include gender [*7 USC Section 2279(a)(6)*].

PROPOSED LAW:

This bill:

- 1) Requires CDFA, in collaboration with the Black, Indigenous and People of Colour Farmer Advisory Committee and the Small Farmer Advisory Committee, on or before July 1, 2023, to develop and oversee the Organic Transition Pilot Program to support socially limited resource and socially disadvantaged farmers or ranchers to transition land to organic certification pursuant to federal law. The program shall consist of assistance and incentives such as:
 - a. Grants
 - b. Research
 - c. Technical assistance
 - d. Educational materials
 - e. Outreach
- 2) Requires the Farmer Equity Advisor to ensure the pilot program meets the objectives of this bill.

- 3) Establishes that farmers and ranchers that meet the following conditions will be eligible to participate in the pilot program:
 - a. Limited resource or socially disadvantaged farmers or ranchers who self-certify their intent to farm or ranch organically.
 - b. Limited resource or socially disadvantaged farmers or ranchers who are certified organic and self-certify their intent to expand organic acreage.
 - c. Applicants with year-to-year leases.
 - d. Repeat applicants.
- 4) Allows the department to provide incentives to applicants who identify as socially disadvantaged farmers or ranchers before providing incentives to the other applicants.
- 5) Allow the department to prioritize new applicants.
- 6) Establishes the following expenses shall be eligible for incentives:
 - a. Organic seeds and starts
 - b. Organic livestock, poultry, and related expenses.
 - c. Organic feed.
 - d. Soil building supplies.
 - e. Compost.
 - f. Compost building or generating supplies.
 - g. Compost structures supplies.
 - h. Organic fertilizer and pest control.
 - i. Organic integrated pest management supplies.
 - j. Hedgerow and ecosystem enhancement planting and design.
 - k. Hiring consultants for translation services, business planning, recordkeeping, agronomic practices, certification, and marketing.
 - l. Inspection and certification fees.
 - m. Educational materials on organic certification and production.
 - n. Development of an organic system plan.
 - o. Farm supplies and repair.
 - p. On-farm processing and handling equipment.
 - q. Farm improvements and construction.
 - r. Rent.
 - s. Labor.
 - t. Other expenses deemed necessary by the secretary that further the pilot program.
- 7) Requires the Governor's Office of Business and Economic Development (GO-Biz) to conduct a comprehensive statewide market analysis of the total economic impact of California's organic products sector and to post that market analysis on its internet website on or before July 1, 2023.

- 8) Requires CDFA, on or before January 1, 2024, and annually thereafter until the conclusion of the pilot program, shall submit a report to the legislature on the outcome of the pilot program. The report shall include, but is not limited to:
- a. The number of grants awarded, including the number of grants awarded to socially disadvantaged farmers or ranchers.
 - b. The amount of funds awarded.
 - c. The number of grant awardees who obtained organic certification.
 - d. The names of the technical assistance providers that received grants, and a summary of the technical assistance they provided.
- 9) Defines the following:
- a. “Farmer Equity Advisor” to mean the person appointed pursuant to Section 513 of the Food and Agricultural Code.
 - b. “Limited resource farmer or rancher” to have the same definition as in Section 760.107 of Title 7 of the Code of Federal Regulations.
 - c. “Secretary” to mean the secretary of Food and Agriculture.
 - d. “Socially disadvantaged farmer or rancher” to mean a farmer or rancher who is a member of a socially disadvantaged group.
 - e. “Socially disadvantaged group” to mean a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups include the following:
 - i. African Americans
 - ii. Native Indians
 - iii. Alaskan Natives
 - iv. Hispanics
 - v. Asian Americans
 - vi. Native Hawaiians and Pacific Islanders
 - f. “Urbanized area” to mean a continuously built-up area with a population of at least 50,000 people, as used by the United States Census Bureau.
- 10) States this section shall remain in effect only until January 1, 2032.

COMMENTS:

California was one of the first states to regulate organic products with creation of the Organic Food Act of 1979. In 1990, California amended the law to require organic operations to register with the state and pay an annual registration fee.

The federal Organic Foods Production Act of 1990 (OFPA) created uniform regulation of the sale of organic products and the labeling of agricultural products as organic. Under the federal law, states can establish their own state organic

program. California's SOP was approved in 2004. Currently, California is the only state with a SOP.

- 1) This bill is titled "Organic products sector: Organic Transition Pilot Program". In an effort to ensure as many farmers and ranchers are encouraged to transition to organic farming, the author may wish to consider an amendment that says the pilot program shall support the economic viability of eligible farmers and ranchers and shall fund qualified applicants who are socially disadvantaged or limited resource farmers and ranchers prior to considering funding for farmers and ranchers with less economic need.
- 2) Is the budget funding enough money? This year's budget bill includes \$5 million for direct assistance grants to farmers and ranchers to subsidize the costs of transitioning to organic crops. While this is welcome funding, will \$5 million be enough to keep up with the demand? The author may wish to consider an amendment to scale back the expenses that are eligible for incentives by ensuring there is a direct nexus between the expense and getting farmers and ranchers certified.
- 3) This bill requires GO-Biz to conduct a statewide market analysis of the total economic impact of California's organic products sector and post the findings to their website no later than July 1, 2023. According to the Assembly Committee on Appropriations, the cost of GO-Biz conducting the market analysis required by this bill would be in excess of \$150,000 and likely would take longer than six months to complete. GO-Biz does not conduct market analyses in-house. They contract out to experts in the issue area being analyzed. The third party then conducts the research, analyzes the data, produces a report, and presents it to GO-Biz. GO-Biz then reviews the report for accuracy prior to publication and distribution. On average, the process takes approximately one year. The author may wish to consider an amendment to extend the time by a year GO-Biz has to receive, review, and post on its website a thorough market analysis as well as extend the date by a year the department has to develop and oversee an organic transition pilot program based on the results of the analysis.
- 4) The Senate Rules Committee has double referred this bill to the Senate Business, Professions and Economic Development Committee as the second committee of referral. Therefore, if this measure is approved by this committee, the motion should include an action to re-refer the bill to the Senate Committee on Business, Professions and Economic Development.

RELATED LEGISLATION:

- SB 643 (*Chapter 719, Statutes of 2015*): Established a comprehensive licensing and regulatory framework for the cultivation, manufacture, transportation, storage, distribution, and sale of medical cannabis; and required CDFA, by January 1, 2020, to make available a certified organic designation and organic certification program for medical marijuana, if permitted under federal law and the NOP.
- SB 730 (*Chapter 685, Statutes of 2005*): Prohibited any aquaculture, fish, or seafood product (including farmed and wild species) from being labeled or represented as "organic," until such time as USDA's NOP or CDFA implements formal certification standards.
- AB 2612 (*Chapter 393, Statutes of 2010*): Among other changes, authorized promulgation of regulations to streamline organic registration; clarified the administration of the State Organic Program; authorized the development of an online State Organic Program registration system; and, made conforming changes.

PRIOR ACTIONS:

Assembly Floor:	57 - 5
Assembly Appropriations Committee:	12 - 3
Assembly Agriculture Committee:	8 - 0

SUPPORT:

California Certified Organic Farmers (Sponsor)
 Agriculture and Land-Based Training Association
 American Farmland Trust
 Archi's Acres
 Ayoquezco Organic Produce
 Blossom Bluff Orchards
 California Climate and Agriculture Network
 California Farmer Justice Collaborative
 California Food and Farming Network
 Californians for Pesticide Reform
 Center for Food Safety

Central California Environmental Justice Network
Community Alliance With Family Farmers
Daily Harvest
Earthbound Farm Organic
Environmental Working Group
Esperanza Community Farms
Families Advocating for Chemical and Toxics Safety
Friends of the Earth
Larocca Vineyards
Leadership Counsel for Justice & Accountability
Lost Coast Ranch
Lundberg Family Farms
Mixtec Produce Organic Farms
National Young Farmers Coalition
Natural Resources Defense Council
NextGen California
Pesticide Action Network
Robert Sinskey Vineyards
Roots of Change
Safe Ag Safe Schools
Salazar Organic Farms
Sustainable Agriculture Education
Tomkat Ranch

OPPOSITION:

None received

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