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**AB-657 Agriculture: commercial feed.** (2019-2020)

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**Assembly Bill No. 657**

**CHAPTER 306**

An act to amend Sections 15053 and 15061 of the Food and Agricultural Code, relating to agriculture, and making an appropriation therefor.

[ Approved by Governor September 20, 2019. Filed with Secretary of State September 20, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 657, Eggman. Agriculture: commercial feed.

Existing law establishes an inspection tonnage tax for commercial feed, as specified, with a maximum rate of \$0.15 per ton. The funds collected are deposited into the Department of Food and Agriculture Fund, and are continuously appropriated for purposes of provisions regulating commercial feed. Existing law, until January 1, 2020, authorizes the Secretary of Food and Agriculture to designate a specified amount of the tonnage taxes collected to provide funding for research and education regarding the safe manufacture, distribution, and use of commercial feed.

This bill would increase the maximum rate of the inspection tonnage tax from \$0.15 to \$0.25 per ton of commercial feed sold. The bill would extend the secretary's authority to designate a specified amount of tonnage taxes collected to provide funding for research and education from January 1, 2020, to January 1, 2025. By extending the purposes for which funds in a continuously appropriated fund may be spent, the bill would make an appropriation.

Existing law requires that a license be obtained from the secretary for each location where commercial feed is manufactured, distributed, sold, or stored for later sale. Existing law requires each license application to be accompanied by an annual fee specified by the department for each location of at least \$100, but not exceeding \$600, with the specific fee to be set by the secretary upon recommendation of the Feed Inspection Advisory Board. Beginning on January 1, 2020, the license fee is required to be \$100 for each location. The funds collected are deposited into the Department of Food and Agriculture Fund, and are continuously appropriated for purposes relating to the manufacture and distribution of commercial feed.

This bill would extend the date on which the new license fee requirement of \$100 for each location would take effect from January 1, 2020, to January 1, 2025. By extending the time during which a higher license fee may be applied, the bill would increase the fees that are deposited into a continuously appropriated fund, thereby making an appropriation.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 15053 of the Food and Agricultural Code is amended to read:

**15053.** (a) Each application for a license shall be accompanied by an annual fee specified by the department for each location. Beginning on January 1, 2007, the minimum license fee shall be one hundred dollars (\$100) for each location and the maximum license fee for each location shall not exceed six hundred dollars (\$600) for each location with the specific fee to be set by the secretary upon recommendation of the board. Those licensees with feed licenses on the effective date of the bill who have previously paid their license fees for the then current fiscal year shall not be subject to any new fees until their licenses are renewed. Beginning January 1, 2025, the license fee shall be one hundred dollars (\$100) for each location. Those licensees with feed licenses on that date who have previously paid their license fees for the then current fiscal year shall not be subject to any new license fees until their licenses are renewed.

(b) Revenues generated from license fees shall be used to replenish feed inspection program reserves to a minimum of 25 percent of program expenditures, after which point some of the revenues from these fees shall be used to reduce feed tonnage taxes provided for in this chapter upon recommendation of the board.

**SEC. 2.** Section 15061 of the Food and Agricultural Code, as amended by Section 5 of Chapter 622 of the Statutes of 2013, is amended to read:

**15061.** (a) An inspection tonnage tax at the maximum rate of twenty-five cents (\$0.25) per ton of commercial feed sold, except whole grains, and whole hays when unmixed, shall be paid to the secretary by any person who distributes commercial feed to a consumer-buyer in this state. The distributor shall also pay an inspection tonnage tax for purchased commercial feed fed to the distributor's own animals.

(b) The secretary may, based upon a finding and recommendation of the board, determine the specific rate necessary to provide the revenue needed to carry out the provisions of this chapter. The secretary and the board shall not exceed the maximum tonnage rate established by this section. Setting the tonnage tax rate shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) The secretary may, based upon a finding and recommendation of the board, designate 15 percent of the tonnage taxes collected, or two hundred thousand dollars (\$200,000), whichever amount is greater, to provide funding for research and education regarding the safe manufacture, distribution, and use of commercial feed. These funds may only be spent on activities approved by the board, with approval being made before any expenditure.

(d) This section shall remain in effect only until January 1, 2025, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2025, deletes or extends that date.

**SEC. 3.** Section 15061 of the Food and Agricultural Code, as amended by Section 6 of Chapter 622 of the Statutes of 2013, is amended to read:

**15061.** (a) An inspection tonnage tax at the maximum rate of twenty-five cents (\$0.25) per ton of commercial feed sold, except whole grains, and whole hays when unmixed, shall be paid to the secretary by any person who distributes commercial feed to a consumer-buyer in this state. The distributor shall also pay an inspection tonnage tax for purchased commercial feed fed to the distributor's own animals.

(b) The secretary may, based upon a finding and recommendation of the board, determine the specific rate necessary to provide the revenue needed to carry out the provisions of this chapter. The secretary and the board shall not exceed the maximum tonnage rate established by this section. Setting the tonnage tax rate shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) This section shall become operative on January 1, 2025.