



the Almond
CONFERENCE
2019

Advocacy Update: Sacramento and D.C.

 **california
almonds**[®]
Almond Board of California



Almond Alliance

OF CALIFORNIA

Advocacy Update:
What is Happening in
Sacramento and Washington D.C.

December 12, 2019



How does the Alliance Advocate?

- The ultimate goal of advocacy is to raise awareness, enact change and improve outcomes.
- How does the Alliance do this?
 - Organize and build our power base - YOU. Our members make us strong.
 - Advocate, take positions on bills, testify in committees, meet with legislators, and build relationships.
 - Put on events like Almond Festival at the State Capitol to educate legislators and decision makers about the CA almond industry.
 - Educate the public and consumers through articles.
 - Use research to help tell the story of the industry, economic impacts/benefits/jobs, sustainability, nutritional benefit, value of co-products, value of trees to the environment;
 - Regulatory efforts, taking action at the agency level, relationships.
 - Work with media, ambassadors, partners, meetings and tours to educate legislators and community on issues.



Sacramento Overview

Administration and Legislature Overview

- January 7th, Governor Newsom Sworn-in as California's 40th Governor.
- Governor's Key Appointments – EPA, CDFA, Nat Res., DPR
- California State Legislature “Super Majority”
 - California State Senate – 29 Democrats, 11 Republicans (1 vacancy)
 - California State Assembly – 61 Democrats, 18 Republicans, 1 Independent
- Recent changes within the legislature

Budget

- June 27th Governor Newsom signs historic state budget of \$214.8 billion dollars
- Cap-and-Trade (GGRF for AG \$127 Million)
 - Agricultural Diesel Engine Replacement & Upgrades (\$65 million)
 - Methane Reduction (\$34 million)
 - Healthy Soils (\$28 million)
- Safe and Affordable Drinking Water (\$130 Million)
- Career Technical Education & Workforce Development (\$300 Million)

Legislation by the Numbers

- Bills Introduced: 2,625
 - Senate – 792 bills
 - Assembly – 1,833 bills
- Bills to the Governor's Desk: 1,042
- Bills Signed: 870 (83.5%)
- Bills Vetoed: 172 (16.5%)
- By comparison, during the last eight years that Governor Jerry Brown served in office, he received a low of 870 bills on his Desk (his first year in office) to a high of 1,217 bills (his last year in office). His veto rate was a low of 10.7% (his third year in office) to a high of 16.5% (his last year in office).

General Agriculture

- **AB 657 (Eggman) Agriculture: commercial feed.** This bill extends the sunset date for commercial feed licensure and inspection tonnage tax from January 1, 2020 to January 1, 2025. The bill also increases the maximum rate of the tonnage tax from \$0.15 to \$0.25 per ton of commercial feed sold. The funding is used for education and research regarding the safe handling of commercial feed. This bill was signed by the Governor.
- **AB 1191 (Bonta) City of Oakland: Howard Terminal property: Oakland Waterfront Sports and Mixed-Use Project.** This bill authorizes the State Lands Commission (SLC) to approve an exchange at the Howard Terminal Property, approve a Ballpark and Public Lands Development on the final trust lands, and places specified requirements on the San Francisco Bay Conservation and Development Commission (BCDC) regarding the Seaport Plan and permitting of the Development. This bill was signed by the Governor.
- **SB 224 (Grove) Grand theft: agricultural equipment.** This bill specified that theft of tractors, all-terrain vehicles or other agricultural equipment valued above \$50,000 shall be grand theft and that any fines associated with prosecution may be used specifically for the Rural Crime Prevention Programs established in those areas. This bill was signed by the Governor.

Food & Packaging

- **SB 54 (Allen)/AB 1080 (Gonzalez) California Circular Economy and Plastic Pollution Reduction Act.** Identical bills to enact the California Circular Economy and Plastic Pollution Reduction Act, to achieve a 75% reduction in single-use packaging and priority single-use products by 2030. Provides Cal Recycle unfettered authority to implement the program, requires burdensome reporting from all producers, and sets up a penalty structure with no legislative oversight and \$50,000 a day penalties. These bills were held on each house floor and are two-year bills.
- **SB 347 (Monning) Sugar Sweetened Beverages.** This bill would create labeling law that would mandate warning labels on beverages with sugar sold in the State of California, as well as in retail spaces where beverages are sold in unsealed containers. The Alliance advocates were able to have “almond milk” removed out of the legislation and we able to move to a neutral position. The bill still faced many problems and was held by the Assembly Health Committee.

Environment

- **SB 1 (Atkins D – San Diego) California Environmental, Public Health, and Workers Defense Act of 2019.** Sought to lock in place clean water, air, and labor law that existed on January 19, 2017, the day before President Donald Trump took office. If the bill was signed into law, it would set to expire in January 2025, when President Trump would be scheduled to leave office after a second term. Opponents of SB 1 warned the legislation will upend years of collaborative efforts to develop voluntary water agreements entered into between the state and federal government on water conveyance in the Central Valley Project and the State Water Project, and impose outdated methods of operation that do not acknowledge “best science” in making critical decisions. This bill was vetoed by the Governor.

Pesticides

- **AB 468 (Muratsuchi) Pesticides: school sites: glyphosate.** This bill prohibits the use of glyphosate on the outdoor spaces or playgrounds of school sites. This was the first bill on the topic of glyphosate which was held by the Assembly Education Committee.
- **AB 916 (Muratsuchi) Pesticides: Glyphosate Ban.** This bill would prohibit local governments and special districts from using any pesticide that contains the active ingredient glyphosate until January 1, 2025. This was the second bill by this author on the topic of glyphosate this year. This bill was second house gut-and-amend and was held in the Senate Agriculture Committee.
- **SB 458 (Durazo) Public health: pesticide: chlorpyrifos.** This bill outlaws the use of pesticides containing chlorpyrifos in California, until the director of the Department of Pesticide Regulation issues control measures which are determined to be protective of children's neuro development. This was the first bill on the topic of chlorpyrifos this year. This bill was died in the Senate Appropriations Committee.
- **SB 86 (Durazo) Public health: pesticide: chlorpyrifos.** This bill prohibits the use of a pesticide that contains the active ingredient chlorpyrifos, commencing June 1, 2021, and makes legislative findings about child development, the health risks to children as a result of chlorpyrifos exposure. This was the second bill by this author on the topic of chlorpyrifos this year. This bill was second house gut-and-amend and was held in the Assembly Environmental Safety and Toxic Materials Committee.

Transportation/Labor

- AB 5 (Gonzalez) Worker status: employees and independent contractors. This bill Codifies the decision of the California Supreme Court in *Dynamex Operations West, Inc. v. Superior Court of Los Angeles* (2018) that presumes a worker is an employee unless a hiring entity satisfies a three-factor test, and exempts from the test certain insurance agents, certain licensed health care professionals, registered securities broker-dealers or investment advisers, a direct sales salesperson, real estate licensees, workers providing hair styling or barbering services, and those performing work under a contract for professional services. This bill was signed by the Governor. (Chapter 296, Statutes of 2019)

Letters/Comments from the Almond Alliance

- AB 5 (Gonzalez) Worker status: employees and independent contractors. **Oppose**
- AB 468 (Muratsuchi) Pesticides: school sites: glyphosate. **Oppose**
- AB 916 (Muratsuchi) Pesticides: Glyphosate Ban. **Oppose**
- AB 450 (Arambula) Bees: Apiary Protection Act. **Support**
- SB 458 (Durazo) Public health: pesticide: chlorpyrifos. **Oppose**
- AB 657 (Eggman) Agriculture: commercial feed. **Support**
- AB 1080 (Gonzalez) California Circular Economy and Plastic Pollution Reduction Act. **Oppose**
- AB 1191 (Bonta) City of Oakland: Howard Terminal property: Oakland Waterfront Sports and Mixed-Use Project. **Oppose**
- SB 1 (Atkins) California Environmental, Public Health, and Workers Defense Act of 2019. **Oppose**
- SB 224 (Grove) Grand theft: agricultural equipment. **Support**
- SB 54 (Allen) California Circular Economy and Plastic Pollution Reduction Act. **Oppose**
- SB 86 (Durazo) Public health: pesticide: chlorpyrifos. **Oppose**
- SB 347 (Monning) Sugar Sweetened Beverages. **Oppose/Neutral**

Regulatory

- Department of Pesticide Regulation (DPR)
 - Chlorpyrifos, Telone (1-3,D), 24c's
- California Office of Environmental Health Hazard Assessment (OEHHA)
 - Prop 65 – Acrylamide
- Air Resources Board/SJV Air Pollution Control District
 - Air Monitors, Regulation for Criteria Air Pollutant and Toxic Air Contaminant Emissions Reporting – Proposed 15-Day Change, San Joaquin Valley Agricultural Equipment Incentive Measure, funding for field alternatives to open burning of agricultural materials and low dust nut harvester pilot incentive program.
- State Water Resources Control Board
 - CV Salts, Irrigated lands
- Department of Resources Recycling and Recovery
 - Single Use Packaging
- CDFA Marketing Division/Enforcement
 - Commissioner Merchant vs. Dealer
- Department of Industrial Relations
 - Indoor Heat Related Illness
- Department of Water Resources
 - SGMA Sustainability Plans and Implementation Challenges

Pending Litigation

- Opposing the Listing of Bumble Bees Under the California Endangered Species.
- The Almond Alliance, in collaboration with other agricultural groups, has filed suit challenging a California Fish and Game Commission decision to declare four native bumble bees as candidate “endangered” species under the California Endangered Species Act (CESA).
- When a species becomes a candidate, it is given the full protections of CESA and take without a permit or other authorization is prohibited and carries large punitive penalties. The Commission based its decision to grant all four bumble bees candidate status even though “insects” are not listed in the law as eligible for protection. Their argument is that since “fish” are eligible for CESA protection by law and that some animals defined as “fish” are invertebrates – that bumble bees are eligible for CESA protection because they’re invertebrates; the ole fish = bumble bee argument.
- ***Our claim is that insects are not eligible for listing under CESA and we are asking the court to clarify that bumble bees are not fish, and therefore cannot be listed under CESA.***
- This effort is very important because the collaboration is petitioning for changes to a number of agricultural activities to protect the bumble bees. They want:
 - Grazing reduced, which could lead to increased wildfire risk;
 - Pesticide and herbicide use restricted;
 - Limits honeybee hives placement, which will reduce the available food for honeybees; and,
 - Restrictions placed on the use of bumble bees for commercial pollination.
- We expect that the Attorney General’s office will respond with record timing and cost as well as the stay. They are moving slowly.



Washington DC Overview

Top Global Destinations

crop year 2018/19 | million pounds



Source: Almond Board of California. July 2019 Position Report

Trade and Tariffs: Where We Stand

China:

- Currently 60% tariff on kernel/inshell almonds (0802.11 and 0802.12).
 - **2008.1920** Preserved nuts in cans, regardless preserve and/or processed method (currently 13% tariff). Additional 5%; result is 18% tariff.
 - **2008.1999.90** Processed or preserved without vinegar, not in cans (currently 10% tariff). Additional 10%; result is 20% tariff.
- We have experienced a 16 month trade war with China.
- The Trump administration began imposing the tariffs in July 2018 on industrial components and technology goods from China. After Beijing retaliated with higher duties on U.S. farm goods, President Trump struck back with more tariffs - many already enacted, some still threatened - under which the vast majority of Chinese imports could be affected by the end of 2019.
- As U.S. and Chinese negotiators close in on a “phase one” trade deal, expectations are rising that at least some of these tariffs will be removed.
- China is now asking for assurance that the US duty increase set for mid-December will not be taken. It is unclear if this has been given by the US.
- The new negotiation over when and where the agreement will be signed has not been completed. It may now be that it will not happen until December. While it was originally scheduled to happen this month, the President wants the signing to be in the US. China dismissed the idea of signing an agreement in Iowa.



Trade and Tariffs: Where We Stand

India:

- India is the #1 export destination for California almonds, with an estimated 2017 value of \$650 million.
- FY 17/18 shipments to India were up 19% over the previous year.
- The Indian government increased tariffs on U.S. shelled almonds by 20 percent and non-shelled almonds by 17 percent in June. The move came days after the Trump administration announced plans to remove India from eligibility for key trade privileges under the U.S. Generalized System of Preference (GSP) program.
- India was the biggest beneficiary under the GSP program, exporting \$5.6 billion worth of Indian products to the United States duty-free in 2017.
- Negotiations with India continue and are very intense.
- The removal of GSP from India has received their attention and are seeking methods to reinstate GSP.
- USTR continues to state that almonds are in the negotiation.



Trade and Tariffs: Where We Stand

U.S. Mexico Canada Agreement (USMCA):

USMCA was signed in Buenos Aires, November 2018. U.S. –Canada–Mexico trade agreement offers benefits to California almond growers as Canada and Mexico markets are on the rise.

USMCA offers benefits to California almond growers by opening up the Canadian and Mexico markets and removing trade barriers. The NAFTA tariffs on shelled almonds was 0% to both Canada and Mexico ... without NAFTA, US almonds would have been subject to a 20% tariff in Mexico. USMCA affords almonds the same tariff treatment as NAFTA - all ag products with a 0% tariff under USMCA.

Canada

- Shipments to Canada in 2018/19 crop year were 61 million pounds.
- Canada ranks ninth overall as a top global destination.

Mexico

- Shipments to Mexico in the 2018/19 crop year were 24 million pounds, up 6.2% compared to FY 2017/18.

Trade Representative went to Mexico with the detailed revisions. The US House is likely to vote on the final deal on December 19th.



Trade and Tariffs: Japan

Japan:



- Japan is the 5th largest export destination for California almonds, with an export value of \$255 million in calendar 2018.
- The United States and Japan signed the U.S.-Japan Trade Agreement on October 7, 2019. This agreement opens markets and will support expansion of U.S. food and agricultural exports, increase farm income, generate more rural economic activity, and promote job growth.
- The conclusion of a limited U.S.-Japan trade agreement, included the elimination of tariffs on almonds which is 2.4 percent.
- Japan's aflatoxin procedures are still inconsistent with international norms and have led to unnecessary rejections of California almonds which has a substantial cost our industry exporters.

Farmworker Modernization Act

- The “Farm Workforce Modernization Act” was introduced in the House by 44 bipartisan members, a bill designed to address the increasing shortages of legal ag workers in the U.S.
- The Act “provides a compromise solution for American agriculture” by reinventing the H-2A seasonal ag worker visa program, providing a path to legal status for workers now in the U.S., capping worker wages and creating a first-ever “merit-based visa program specifically designed” for the ag sector.
- The bills lead author is Rep. Zoe Lofgren (D, CA), chair of the Judiciary Committee’s subcommittee on immigration policy and enforcement.
- The bill was passed in the House on December 11, 2019.
- We do not know where the White House or where it stands on the bill.

2019 Advocacy Report



Thank You!

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