



Regulatory Changes Support Sustainability Efforts of California’s Livestock Feed Industry

Californians dispose of approximately 6 million tons of food waste per year, according to CalRecycle. Food waste is often made of organic material that is disposed of in landfills located throughout the state. The breakdown of food waste in landfills contributes to increased methane gas emissions. Recent laws such as Senate Bill 1383, Chapter 395, Statutes of 2016, have been enacted to decrease the amount of food waste going directly into landfills to decrease the amount of landfill methane emissions.

The California Department of Food and Agriculture (CDFA) Commercial Feed Regulatory Program (CFRP) and the Feed Inspection Advisory Board realize the importance to maintain or increase the capacity of human food by-product diversion to livestock feed. The diversion of human food by-products to livestock feed ensures that this consumable material does not go to waste in a landfill and is instead upcycled for its highest and best use to provide a healthy and nutritious diet for California livestock. To assist the California livestock feed industry in contributing to statewide organic waste reduction efforts, as prescribed by SB 1383, CFRP has made the changes described below to Title 3 of the California Code of Regulations (3 CCR).

Reduced Tonnage Tax for Diversion of Eligible Human Food By-Products

3 CCR Section 2750(e) **reduces commercial feed licensees’ tonnage tax** payments for eligible human food by-products diverted to livestock feed. To be eligible for the reduced tonnage tax payment, a firm:

- **Must report tonnage of eligible human food by-products diverted to livestock feed.** Only the ingredients listed under 3 CCR Section 2804 are eligible for reduced tonnage tax at this time.
- **Must not further manufacture/process the diverted human food by-products beyond what is stated in the ingredient definition.** For example, human food by-products that have had undesirable constituents removed (or any other process stated in the ingredient definition) are eligible. However, human food by-products that have been ground, mixed, or otherwise processed in a manner that is not stated in the ingredient definition are not eligible. Reference the specific definitions for eligible human food by-products under 3 CCR Section 2804 for more details.

The amount of tax due will be based on the total tonnage of eligible human food by-products reported during the license period, as indicated in the table below:

Total Amount of Eligible Human Food By-Products Reported (July 1 - June 30)	Amount of Tonnage Tax Due
0 - 1,000 tons	\$0
Over 1,000 tons	\$0 for the first 1,000 tons; \$0.05/ton for all tonnage reported after 1,000 tons

The reduced tonnage tax rate has been set by the CDFA Secretary at half of the current rate of \$0.10/ton, upon recommendation from the Feed Inspection Advisory Board. Licensees claiming reduced tonnage tax will be subject to verification audits.

Reduced License Fee for Firms Solely Diverting Eligible Human Food By-Products

3 CCR Section 2751(c) **reduces the annual commercial feed license fee to \$100** for firms that are solely engaged in the diversion of eligible human food by-products to livestock feed. To be eligible for the reduced license fee, a firm:

- **Must deal solely in the diversion of eligible human food by-products to livestock feed.** Firms selling or manufacturing other types of commercial feed or ingredients in addition to human food by-products are not eligible for the reduced license fee.
- **Must not further manufacture/process the diverted human food by-products beyond what is stated in the ingredient definition.** For example, firms that remove undesirable constituents (or any other process stated in the ingredient definition) may be eligible. However, firms that grind, mix, or otherwise process in a manner that is not stated in the ingredient definition are not eligible. Reference the specific definitions for eligible human food by-products under 3 CCR Section 2804 for more details.

All commercial feed licenses expire July 1 of each year; the fee is non-refundable and shall not be reduced to cover a fraction of a year. Eligible firms with a current license are encouraged to wait until the renewal period to apply for the reduced license fee. Licensees claiming the reduced license fee will be subject to verification audits.

Definitions for Eligible Human Food By-Products

3 CCR Section 2804 added definitions for eligible human food by-products, including:

- Wet Food Processing Waste
- Restaurant Food Waste
- Recovered Retail Food
- Cull Fruit or Vegetables
- Wet Apple Pomace
- Wet Beet Pulp
- Brewers Wet Grains
- Condensed Whey-Product
- Whey
- Condensed Whey Permeate
- Condensed Delactosed Whey Permeate
- Dairy Food By-Products
- Wet Citrus Pulp
- Cereal Food Fines
- Dried Bakery Product

Definitions and labeling guidance for eligible human food by-products can be found here: https://www.cdffa.ca.gov/is/ffldrs/pdfs/Human_Food_Waste_Byproducts_Definitions.pdf.

General Safety and Handling Requirements for By-Products

3 CCR Section 2675.1 adds general safety and handling requirements for by-products based on the Code of Federal Regulations Title 21, Part 507.28.

Additional Changes to 3 CCR

- Section 2750(a) clarifies that the licensee named on the product label is responsible for paying tonnage tax.
- Section 2802(aa) defines salvage pet food.
- Section 2802(ab) defines distressed pet food.

For further information about human food by-product diversion to livestock feed, please visit CDFA's Safe Animal Feed Education (SAFE) Program Human Food Waste (By-product) Diversion webpage: https://www.cdffa.ca.gov/is/ffldrs/SAFE_HumanFoodWasteDiversion.html.