NOTICE TO INDUSTRY

IMMEDIATE RELEASE:
Commercial Feed Tonnage Tax Changes

The intent of this Notice is to inform the California feed industry of changes in commercial feed tonnage taxation that are being implemented by the California Department of Food and Agriculture (CDFA) Commercial Feed Regulatory Program (CFRP). To assist the California livestock feed industry in contributing to statewide organic waste reduction efforts, the CFRP has made the changes described below to Title 3 of the California Code of Regulations (3 CCR).

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:

<table>
<thead>
<tr>
<th>Total Amount of Eligible Human Food By-Products Reported (July 1 - June 30)</th>
<th>Amount of Tonnage Tax Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1,000 tons</td>
<td>$0</td>
</tr>
<tr>
<td>Over 1,000 tons</td>
<td>$0 for the first 1,000 tons; $0.05/ton for all tonnage reported after 1,000 tons</td>
</tr>
</tbody>
</table>
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.

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

For additional information or questions, please contact the CFRP at feed_lvstk@cdfa.ca.gov or visit our website at https://www.cdfa.ca.gov/is/ffldrspdfs/SAFE_HumanFoodWasteDiversion.html

Sincerely,

ORIGINAL SIGNED BY JENNA LEAL

Jenna M. Leal, Environmental Program Manager I