

June 19, 2018

Initiative Statute: Establishes New Standards for Confinement of Certain Farm Animals; Bans Sale of Certain Noncomplying Products.

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:

Senate Committee on Agriculture

Hon. Cathleen Galgiani, Chair

and

Assembly Committee on Agriculture

Hon. Anna Caballero, Chair





LAO Role in Initiative Process



Fiscal Analysis Prior to Signature Collection

- State law requires our office, alongside the Department of Finance, to prepare an impartial fiscal analysis of each initiative.
- State law requires this analysis to provide an estimate of the measure's fiscal impact on state and local governments.
- A summary of the fiscal impact is included on petitions that are circulated for signatures.



Analysis After Measure Receives Sufficient Signatures to Qualify for the Ballot

- State law requires our office to provide impartial analyses of all statewide ballot propositions for the statewide voter information guide.
- This analysis includes a description of the measure and its fiscal effects.
- We are currently in the process of preparing these materials for initiatives that have qualified—or have a reasonable likelihood of qualifying—for the November 2018 ballot.



Background



Agriculture Is a Major Industry in California

- California leads the nation in agricultural production and exports.
- Californians also buy food produced in other states including most of the eggs and pork that Californians eat.



Farm Animal Production Practices Are Changing

- There has been growing public interest in farm animal production practices, and how these practices affect the treatment of the animals.
- Various animal farming industries have developed guidelines and best practices aimed at improving the care and handling of farm animals.
- Some major food retailers and restaurant chains have announced they are moving towards requiring their suppliers to give animals more space to move around. For example, by only purchasing eggs from farmers who use “cage-free” housing for hens.



Proposition 2 (2008) Created Standards for Housing Certain Farm Animals

- Proposition 2 generally prohibits California farmers from housing pregnant pigs, calves raised for veal, and egg-laying hens in cages or crates that do not allow them to turn around freely, lie down, stand up, and fully extend their limbs.
- Under Proposition 2, any person who violates this law is guilty of a misdemeanor.



Background

(Continued)



State Law Banned the Sale of Eggs That Do Not Meet Housing Standards

- A state law, passed after Proposition 2, made it illegal for businesses in California to sell eggs—including out-of-state-farms—produced from hens housed in ways that do not meet Proposition 2’s standards for egg-laying hens.



Proposal



Creates New Requirements Regarding the Minimum Size of Housing Used for Egg-Laying Hens, Breeding Pigs, and Calves Raised for Veal

- Requirements would be phased in over the next several years.
- Requirements generally specify the minimum amount of floor space that must be provided for each egg-laying hen, breeding pig, or calf raised for veal.



Makes It Illegal for Businesses in California to Sell Eggs, Pork, or Veal that Were Produced From Animals Housed in Ways That Do Not Meet the Measure's Requirements

- Sales ban applies to products from California and from out-of-state.
- Violation of the proposition would be a misdemeanor.
- The California Department of Food and Agriculture (CDFA) and the California Department of Public Health are required to promulgate regulations to implement the proposition.



Fiscal Effects



Potential Decrease in State and Local Tax Revenues From Farm Businesses, Likely Not to Exceed the Low Millions of Dollars Annually

- Compared to current practice used by some farmers, the proposition would require more space and/or alternate methods for housing breeding pigs, calves raised for veal, and egg-laying hens resulting in higher production costs.
- To the extent that these higher production costs cause some farmers to exit the business or otherwise reduce overall production and profitability, there could be reduced state and local tax revenues.



Potential State Costs Ranging Up to Ten Million Dollars Annually to Enforce the Measure

- CDFA would likely require additional resources to enforce the provisions of the proposition that (1) establish requirements regarding the minimum size of housing used for egg-laying hens, breeding pigs, and calves raised for veal, and (2) make it illegal for businesses in California to sell eggs, pork, or veal that were produced from animals housed in ways that do not meet the measure's requirements.