



April 1, 2024

The Honorable Esmeralda Soria
Chair, Assembly Committee on Agriculture
1020 N Street, Room 362
Sacramento, CA 95814

RE: AB 2436 (Alanis) – SUPPORT

Chair Soria:

The California Cattlemen's Association, California Farm Bureau, and Western United Dairies – collectively representing California's cattle producers served by the California Department of Food and Agriculture's Bureau of Livestock Identification – are pleased to **support Assembly Bill 2436 (Alanis)**, which adjusts the statutory fees payable to the Bureau for inspections of live cattle, hides, and carcasses.

The Bureau is financed solely by brand registration fees and cattle, hide, and carcass inspection fees paid by cattle ranchers and dairy producers. The Bureau's operating expenses have increased in recent years, driven by inflationary pressures, higher wages for the agency's hardworking brand inspectors, a shift to an electric vehicle fleet in furtherance of California's ambitious climate goals, and other cost pressures.

To ensure that the Bureau remains revenue-neutral and does not operate at a deficit, fees must increase commensurate with costs. Cattle owners are willing to bear this increased cost in recognition of the vital services that the Bureau performs on their behalf: protecting against loss of cattle by theft, straying, or misappropriation and assisting in the investigation and prosecution of cattle thefts. As evidence of this willingness, the Bureau's Advisory Board – consisting of representatives from the beef, dairy, feeder, and marketing sectors – unanimously voted in November of 2023 to increase fees beyond the statutory level (as authorized by § 20760(b) and § 21291(b), which permit the Secretary of Agriculture to increase fees by not more than 20% above the statutory fee upon the recommendation of the Board).

AB 2436's adjustments to statutory fees are necessary because existing cost pressures are likely to persist. Additionally, if the Bureau's costs *increase*, AB 2436 – in conjunction with §§ 20760 and 21291 – provides the Secretary vital flexibility to ensure the Bureau remains revenue neutral.

Importantly, **AB 2436 does not increase fees paid by beef and dairy producers**. Rather, the legislation merely codifies the current fee schedule approved by the Bureau's producer-driven Advisory Board which became effective on January 1, 2024. Indeed, nothing in AB 2436 would preclude cattle owners from paying *lower* inspection fees in future years: § 20760(a) and § 21291(a) allow the Secretary to lower fees upon a finding by the Advisory Board that costs can be maintained with a lower fee (importantly, the fee-lowering provision is not held to the same 20%

limit as the fee *increase* flexibility). Indeed, in 2021 the Secretary lowered brand inspection fees to offset an operating surplus at the Bureau.

Given that AB 2436 enables the Bureau of Livestock Identification to remain revenue-neutral solely through its fee collection, the bill reflects sound fiscal policy, particularly amidst this year's challenging Budget landscape. As evidenced by the November vote of the Bureau's Advisory Board and by this very letter, the policy within AB 2436 is also overwhelmingly supported by the impacted industries. Finally, AB 2436 will provide the Bureau with the flexibility to nimbly respond to economic conditions which arise in the years to come. For these reasons, our organizations are pleased to support AB 2436 and we urge your aye vote.

Sincerely,



Kirk Wilbur
Vice President of Government Affairs
California Cattlemen's Association



Steven Fenaroli
Director, Political Affairs Division
California Farm Bureau



Anja Raudabaugh
Chief Executive Officer
Western United Dairies