



OFFICE OF ASSEMBLYMEMBER

Anna Caballero

THIRTIETH ASSEMBLY DISTRICT

ASSEMBLY BILL 822

SUMMARY

California's farmers and ranchers grow more than 400 different agricultural products worth \$47 billion in 2015. These farms and ranches employed more than 465,000 workers. This bill gives California agricultural producers an advantage over out-of-state producers even if the California products are slightly more expensive.

BACKGROUND

In recent years, California has passed numerous laws that increase the costs of operating a farm or ranch in the state. Last year the legislature passed AB 1066 (Gonzalez), which required farmers to pay their employees overtime after working eight-hours in a day or 40-hours in a week. This was in addition to the adoption of a \$15 minimum wage. California maintains the highest protections for worker health and safety and if we support these standards we should support those businesses and their employees by purchasing their products.

Many states have purchasing preference laws specifically giving preference to agricultural products produced in the state, these include Alaska, Hawaii, Iowa, Kentucky, Louisiana, Maine, Missouri, New York, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Vermont, and Wyoming. Additionally, there are a few states that give preference to in-state bidders.

Current state law, which includes a purchasing preference for produce was invalidated by the courts. California should have a legally defensible purchasing preference in statute to support California farmers and farm employees.

Fifteen states have specific purchasing preferences for agricultural products produced in state. An additional four states have general bid preference requirements for resident businesses. It is surprising that the largest agricultural state in the nation does not have a purchasing preference for its own plethora of agricultural products. Further, courts have found that states can maintain purchasing preferences because they are acting as market participants (i.e., they are using the "market participant exception" of the Constitution's Commerce Clause) rather than regulating the market.

PROBLEM

The high costs of production for California's farmers and ranchers make it challenging to compete against products produced outside of California.

SOLUTION

AB 822 creates a purchasing preference for state-owned and state-run institutions to buy California grown agricultural products so long as the bid price is within five percent of out-of-state products and the quality is comparable. The same purchasing preference is created for school districts, colleges, and state universities so long as quality is comparable and the bid price is not more than it is for out-of-state products

SUPPORT

California Farm Bureau Federation

STATUS

Introduced 2/15/2017

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