



May 4, 2015

The Honorable Jacqui Irwin
State Capitol, Room 6011
Sacramento, CA 95814

RE: AB 1247 (Irwin) - SUPPORT

Dear Assemblywoman Irwin:

The Community Alliance with Family Farmers (CAFF) supports your AB 1247 and thanks you for introducing the bill. CAFF is a statewide association of farmers and non-farm Californians who support policies that will ensure the long-term economic and environmental sustainability of California agriculture. A basic tenet of CAFF's mission is to improve soil fertility through biological inputs and practices. The state's fair treatment of compost and other organic input materials in its tax policy is critical to that mission.

AB 1247 will correct a conflict between state law and Board of Equalization regulations that BOE has allowed to continue for five years. Simply put, BOE regulations exempt "commercial fertilizer" from sales tax if it is used in food production. In 2009 the Legislature enacted AB 856, which added compost and other types of soil amendments to the statutory definition of commercial fertilizers (FAC 14522). But the BOE failed to incorporate this change into their regulations, and continued to tax compost used for food production.

This problem is doubly confounding, given the Legislature's enactment last year of AB 1826, which requires green waste and food waste to be diverted from landfills and into compost production. The BOE's current position undermines the state's efforts to reduce waste in landfills, reduce GHG emissions from landfills, and develop a vibrant compost production infrastructure. And it creates a financial disincentive for farmers and ranchers to purchase compost. Finally, and most simply, it is unfair, by taxing one type of fertilizer while not taxing others. AB 1247 will fix all these problems.

For all these reasons, CAFF strongly supports AB 1247 and looks forward to working for its passage.

Sincerely,

A handwritten signature in black ink, appearing to read "David Runsten". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Runsten
Policy Director