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**ADVOCACY
REPORT**

23





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The Voice of American Almonds

The Almond Alliance is the leading authority in state and national policy, championing American almond farmers, industry, and community for the continued global growth, innovation, and success of American almonds and agriculture.

Established in 1980, the Almond Alliance is a non-profit trade association with a local and international network of almond processors, hullers/shellers, growers, and allied businesses. The Alliance is dedicated to providing resources and solutions for our members, ensuring opportunities for industry success and growth.



Board of **Directors**



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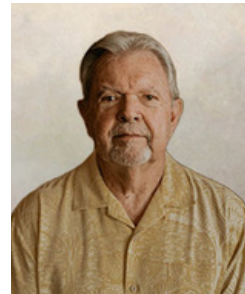
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Message from **the CEO**

Almond Alliance's Commitment to the Almond Community

Reflecting on the pivotal 2023 year, I am grateful for your unwavering support and collaboration. At the Almond Alliance, we consider it an honor to represent the robust and dynamic almond community, including the farms, families, industries, innovators, and consumers that make us a collective force.

Almonds have rightfully assumed their place as one of the top five commodities in the United States and one of the most significant agricultural exports. This achievement isn't just a statistic; it's a testament to the power of collaboration and the effectiveness of targeted action.

This past year wasn't without its challenges as we continue to tackle export & trade, water restrictions, and proposed pollinator regulations. Still, we have remained steadfast in finding solutions and focusing on the priorities you've indicated as most crucial: ensuring a functioning supply chain and securing a reliable water supply. By listening to you — our esteemed members, our dedicated committees, and our board of directors — we have gained the legitimacy and relevance to influence key decision-makers and stakeholders at state and federal levels. This influence has given us the unparalleled ability to contribute industry-designed solutions to the policy, programs, and regulations that directly impact our industry.

As we look forward to the 2024 season, our commitment remains resolute.

We are poised to expand our reach, amplifying almond's voice across multiple forums. Our concerted focus on state-level initiatives and an expansion in federal operations signifies a new era for the Almond Alliance — a testament to our collective resilience, vision, and initiative.

Almonds are not merely a commodity; they are a symbol of the unique and enduring spirit of our community. This spirit drives us to innovate, lead, and excel. As we face the challenges and opportunities of the coming year, rest assured that your voice will be heard, your priorities addressed, and your interests advocated.



Aubrey Bettencourt

President & Chief Executive Officer



FEDERAL LEGISLATIVE RECAP

In 2023, the landscape of federal policymaking and regulation continued to evolve, presenting opportunities and challenges for the almond industry. As part of our unwavering commitment to the almond community, the Almond Alliance actively engaged with policymakers, regulators, and stakeholders in Washington, D.C., to ensure that the interests of our members were at the forefront of legislative and regulatory initiatives. From dialogues on the farm bill to intricate discussions on federal rules and regulations, our advocacy efforts have been tireless in ensuring that the almond industry remains robust, sustainable, and positioned for future growth. This section provides a comprehensive overview of our federal advocacy activities and outcomes throughout the year.



Federal Update

Farm Bill 2023

In the dynamic landscape of American agriculture and nutrition, the farm bill emerges as a keystone legislation, reauthorized approximately every five years. This comprehensive piece, last sanctioned under Public Law 115-334 in 2018, is indispensable in governing the nation's primary agricultural and nutrition initiatives. It extends its embrace to a multitude of areas, from nutrition and crop insurance to conservation and commodities.

The forthcoming farm bill promises a significant budgetary allocation, eclipsing its predecessors with a projection of \$1.5 trillion over the next decade. Historically, the farm bill has been a beacon of bipartisan unity. However, the current political atmosphere and congressional hearings reverberate with partisan disagreements.

As the legislative clock ticks, the agricultural leaders in Congress, including House Agriculture Committee Chairman GT Thompson and Ranking Democrat Rep. David Scott, along with Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich.) and Ranking Republican John Boozman (Ark.) secured a significant victory by attaching a one-year extension to the continuing resolution, a strategic move made just in time to avert a government shutdown slated for November 17.

This extension provides Congress with the much-needed breathing room to deliberate on the next five-year farm bill, now with an adjusted timeline aiming for completion in 2024. Despite these developments, House Speaker Mike Johnson (R-La.) has reinforced to Chairman Thompson and other proponents that the comprehensive farm bill will be a priority under his leadership.

In this legislative environment, the Almond Alliance advocacy extends across both Senate and House chambers, engaging with members and staff on our priorities. The Alliance's farm bill priorities include:

Adjusted Gross Income (AGI):

Propose removal of the \$900,000 AGI limit for disaster and conservation programs, emphasizing incentives for societal benefit. Advocating for a USDA program means tests to reflect farming-derived income, considering the unique structures and needs of specialty crop producers.

Market Access Program (MAP):

Increase MAP funding and consolidate various market development and export assistance programs into one section.

Drought CREP:

Highlight the economic impacts of California's current drought and groundwater management, emphasizing the need for a robust safety net in the Farm Bill to support farmers during volatile weather events.

Noninsured Crop Disaster Assistance Program (NAP):

Advocate for expanding coverage to young trees in their 4th leaf, providing insurance during early growth stages, thereby promoting agricultural sustainability and economic stability in rural areas.

Specialty Crop Pollinators Research:

Push for the continuation of research funding that addresses threats to specialty crop pollinators.



Navel Orangeworm:

Prioritize research and extension efforts for the Navel Orangeworm, given its significant impact on the almond crop in California.

8e(A) Bonus:

Add almonds and advocate for ensuring only quality products reach the U.S. marketplace to prevent market disruptions and to support industry growth and competitiveness.

Permanent Disaster Streamlined Process:

Urge the USDA to create a streamlined submission process for disaster assistance, ensuring clarity and efficiency for farmers.

Specialty Crop Block Grant Program (SCBGA):

Advocate for the reauthorization of the program and funding levels through FY2028, preserving the core principles of the Specialty Crops Competitiveness Act of 2004.

Specialty Crop Research Initiative (SCRI):

Push for the reauthorization and continued funding to support various research initiatives, including efforts against the Navel Orangeworm and the Emergency Citrus Disease Research and Extension Program.

Agriculture And Food Research Initiative (AFRI):

Advocate for the reauthorization of funding at \$700 million annually, emphasizing the significance of competitive and special research grants.

Biomass:

Propose an agriculture biomass grant program for tree nut farmers, focusing on promoting the tri-fold harvest benefits of the almond industry - the kernel, hull, and shell.

Wetland Reserve Easements:

Advocate for program modifications to enhance flexibility and incorporate more ecosystem services. This includes adding groundwater recharge, carbon sequestration, and pollinator support to the program's objectives.

The journey to reauthorization is a blend of anticipation, debates, and strategic maneuvering. Stakeholders and advocates, with the Almond Alliance at the forefront, await an outcome that will have a lasting impact on American agriculture and nutrition for the years ahead.

Trade Initiatives 2023: Focus on Almond Alliance's Priorities

The Almond Alliance remains steadfastly committed to trade, evident by 2023 milestones that positioned almonds among the U.S.' top five agricultural exports. Representing 80% of the global almond supply, the U.S. exports 70% of this produce to pivotal markets, including India, Europe, China, and the Middle East. This year, however, was punctuated with challenges: retaliatory tariffs, particularly from China and India, significant supply chain disruptions owing to the pandemic, and a record almond production resulting in market oversupply.

These impediments allowed Australia, our primary competitor, to make strategic inroads, especially in markets like India and China, leveraging duty-free agreements.



Recognizing the urgent need to combat these challenges and ensure the industry's vitality, the Almond Alliance, in collaboration with the Almond Board of California, focused on dismantling tariff and non-tariff trade barriers. Supported by key political figures, including Senator Alex Padilla, Speaker Kevin McCarthy, and Congressman Jim Costa, our advocacy prompted the Biden Administration to address these barriers, leading to India's decision to repeal tariffs on U.S. almonds.

As part of our diversified approach to reinforcing trade, the Alliance was instrumental in backing the formation of a bipartisan Congressional Ag Trade Caucus. Aimed at advancing specialty crop trade objectives, this Caucus is set to rejuvenate Congressional support for trade. Simultaneously, the Alliance actively navigated challenges like China's Decree 248, emphasizing the importance of streamlined trade communication channels.

Looking ahead to the 2024 presidential race, major U.S. agricultural organizations, anchored by the Almond Alliance, are urging a paradigm shift: a move towards diversifying export markets and reducing reliance on China. This concerted effort amplifies the necessity of robust international trade agreements akin to the USMCA, focusing on America's broader agricultural economy. In tandem, the Alliance has ardently supported the UNITED Act, promoting a fortified trade relationship between the U.S. and the U.K. We also remain focused on regulatory bodies, championing a fortified budget for the Federal Maritime Commission for 2024, ensuring our agricultural sector's prosperity.

The Almond Alliance's multidimensional approach underpins its dedication to

fortifying trade ties, optimizing opportunities, and fostering growth in the agriculture sector.

2023 Federal Legislation

Throughout 2023, the federal legislative framework underwent significant changes, marked by numerous bills touching various sectors. Of these sectors, agriculture remains at the forefront, given its critical role in the nation's economy and food supply. The Almond Alliance has been unyielding in its commitment to champion the interests of the almond industry on Capitol Hill. By actively engaging with Congress, the Alliance has been instrumental in shaping, supporting, and opposing legislation to ensure that the outcomes resonate with the almond industry's best interests.

Through rigorous advocacy, networking, and strategic collaborations, the Alliance has worked relentlessly to improve the content and direction of legislative proposals, always with a keen eye on what's best for the almond industries.

FARMLAND Act:

Introduced by Senators Debbie Stabenow and Joni Ernst, the FARMLAND Act focuses on the security of U.S. agricultural lands. It stipulates guidelines for reviewing significant foreign land purchases or leases and mandates the USDA to investigate potential thefts of agricultural knowledge and technology. The Act also emphasizes the need for collaborative efforts, proposing a database creation joint venture between the USDA and the Department of Homeland Security.



Federal Insecticide, Fungicide, and Rodenticide Act:

Representative Dusty Johnson's yet-to-be-introduced bill aims to clarify jurisdiction over pesticide regulations. The Act reaffirms the EPA's primary authority in pesticide decision-making while asserting that states, although free to regulate usage, cannot impose additional labeling or packaging requirements.

Ocean Shipping Antitrust Enforcement Act:

Representative Jim Costa's legislative effort centers on ensuring fair practices in ocean shipping. The Act looks to repeal antitrust law exemptions for ocean carriers, ensuring that American businesses and consumers are protected from potential monopolistic practices.

Ocean Shipping Reform Technical Corrections Act of 2023:

Introduced by Representative John Garamendi, this Act seeks to modernize and enhance the Shipping Act. Among its provisions, the Act establishes committees, empowers agencies, and bans certain affiliations, especially concerning Chinese state-sponsored platforms. The intent is clear: ensuring the U.S. maintains control and visibility over its maritime logistics landscape.

Conservation Reserve Enhancement Program (CREP) Improvement Act:

This bipartisan initiative, led by Senators Michael Bennet and Roger Marshall, aims to refine the CREP by incorporating more practices suitable for conservation. This includes allowing dryland crop production and grazing and revising payment structures for greater flexibility.

Future of Agricultural Resiliency and Modernization (FARM) Act:

Representative Josh Harder's proposed FARM Act emphasizes climate action in agriculture. The bill aims to allocate substantial funds for technologies and practices that combat climate change, including an innovative program to transform tree nut by-products into reusable biocarbon products.

WATER for California Act:

Representative David Valadao's bill zeroes in on California's water infrastructure. It mandates changes to current water project operations and reallocates funds for more impactful water management strategies.

Fair Access to Agriculture Disaster Programs Act:

This legislation, championed by Representative Jimmy Panetta, aims to better support farmers affected by natural disasters. The bill proposes to make USDA disaster programs more accessible by adjusting income limitations, ensuring that more farmers can benefit in times of crisis.

Voluntary Agricultural Land Repurposing Act:

Introduced by Senator Alex Padilla, this Act aims to incentivize the repurposing of agricultural land to reduce water usage, offering environmental and community benefits. It sets aside competitive matching grants for States and Indian Tribes, pushing for more sustainable land use practices.



By actively participating in discussions and leveraging our influence, the Almond Alliance has ensured that our industry's voice remains pivotal in legislative outcomes. This has been crucial in a year like 2023, where the legislative landscape saw a myriad of reforms and initiatives. The emphasis on agricultural reforms, water management, and maritime logistics indicates a holistic approach to securing the nation's future, and the Alliance has played a vital role in this endeavor.

2023 Federal Rules and Regulations

The year 2023 witnessed significant shifts in federal regulatory measures, many of which had implications for diverse sectors, including the almond industry. Throughout these changing regulatory landscapes, the Almond Alliance has been indefatigable in its mission to lead the almond industry, providing critical comments, presenting pertinent data, and advocating for regulations that reflect the industry's best interests. From matters concerning milk labeling to intricate discussions on the tools vital to our operations, the Alliance has been at the forefront, ensuring that the almond industry's perspectives were not only heard but respected and considered in final regulatory decisions.

Women, Infants and Children (WIC) Food Packages – USDA – WIC Administration:

The Almond Alliance ardently recommended revisions to the WIC food packages to reflect a more inclusive range of almond products. Advocating for whole, sliced, chopped, and slivered almonds alongside almond butters, almond flour, and fortified almond milk, the

Alliance recognized the potential these foods hold in promoting nutritional security. By tailoring these packages to the diverse dietary needs and preferences of WIC participants from all backgrounds, we emphasized the importance of updating the offerings to mirror current market trends and ensuring that plant-based dairy alternatives meet various nutrient requirements.

Salt Substitutes – USDA – Food and Drug Administration (FDA):

Although the FDA's proposal pertaining to salt's identity and standards did not have a direct impact on the almond industry, the Alliance proactively voiced its support. Recognizing that salted almonds do not fall under standardized food, the Alliance commended the FDA's commitment to public health and its openness to innovative solutions that could lower sodium levels in various food products.

Labeling of Plant-Based Milk Alternatives – HHS – Food and Drug Administration:

The Alliance lauded the FDA's endeavors to clarify distinctions between plant-based milk alternatives and conventional milk for consumer benefit. Reflecting on the extensive feedback during the 2018 notice, we acknowledged the nutritional concerns raised regarding plant-based milk. In our comments, we provided many suggestions to assist the FDA in ensuring consumers are well-equipped to make informed dietary choices.



Use of Thiophanate-methyl (T.M.) in Almonds - EPA – Division of Pesticide Programs:

The Alliance articulated the indispensable role of Thiophanate-methyl (T.M.) in the almond industry, particularly in combating a range of canker-causing diseases. Our comments also shed light on the proposed mitigation strategies aiming to curtail run-off and spray drift, underscoring the broader goal of minimizing environmental repercussions from pesticide use.

Appendix to the ESA Workplan Update: Proposed Label Language - EPA – Division of Pesticide Programs:

While not a technical necessity, the Almond Alliance lauded the public comment solicitation on the proposed labeling approach, as it resonates with the values of transparency and inclusivity. We expressed our reservations regarding some of the mitigation measures in the Appendix, emphasizing that specialty crop production has unique challenges and considerations. The Alliance's stance championed a more nuanced approach rather than a blanket, "one size fits all" strategy. Recognizing the sheer volume of work represented by the ESA Work Plan and its subsequent update, we hope these discussions pave the way for a more coherent and effective regulatory framework in the future.

In sum, 2023 marked a pivotal year for federal rules and regulations. The Almond Alliance's continuous engagement and proactive stance have been critical in influencing and shaping these regulations, ensuring they align with the best interests of the almond industry and its myriad stakeholders.

STATE LEGISLATIVE RECAP

In 2023, the California State Legislature embarked on a two-year session with notable changes, including 34 new members, increased diversity, and a focus on moderation. While the Democratic super-majority remained intact, the election introduced a more balanced approach. Over 2,700 bills were introduced, addressing critical issues like housing, labor, homelessness, climate, wildfires, plastics, pollution, and taxation.

The State Assembly experienced a mid-year leadership shift, with Speaker-elect Robert Rivas taking over and emphasizing a collaborative leadership style. The Senate also announced a smoother transition, with Senator Mike McGuire set to replace Toni Atkins as Senate Pro Tem, both representing Northern California and showing a leaning towards moderation.

Moderate Democrats played a pivotal role in shaping legislation, primarily at the committee level, as over 1,100 bills reached the Governor's desk, with fiscal concerns driving many vetoes due to a budget deficit. The Almond Alliance successfully defended water rights but faced challenges in pesticide bills and climate-related legislation. This legislative session is part of a two-year cycle, offering opportunities to reconsider stalled bills in 2024.

State Update

Almond Alliance Tracked Bills

AGRICULTURE

AB 606 (Mathis): California Endangered Species Act: accidental take: farms or ranches.

This bill extends the sunset to authorize accidental take of listed species in the course of otherwise lawful and routine agricultural activities until January 1, 2029 and requires the Department of Fish and Wildlife (DFW) to conduct outreach to raise awareness within the agricultural community about required reporting of an accidental take, as specified.

Status: Signed by the Governor. Chapter 447, Statutes of 2023.

AA Position: SUPPORT through coalition.

AB 660 (Irwin): Food and beverage products: labeling: quality dates, safety dates, and sell-by dates: recycling.

This bill would require, on and after January 1, 2025, a food manufacturer, processor, or retailer responsible for the labeling of food items for human consumption to use “BEST if Used by” to indicate quality and “Use by” to indicate safety of a product, and prohibits the use of “Sell by.”

Status: Two-year bill at the request of the author. Stalled in the Senate Agriculture Committee.

SB 224 (Hurtado): Agricultural land: foreign ownership and interests: foreign governments.

This bill would prohibit a foreign government from purchasing, acquiring, leasing, or holding a controlling interest in agricultural land within the State of California, exempting any land held by foreign governments before January 1, 2024. The bill would also require the Office of Emergency Services (OES) to compile an annual report on the

total amount of, and recent changes to, foreign-owned agricultural land, water rights, water desalination facilities, energy production, energy storage, and energy distribution in California.

Status: Held under submission in the Senate Appropriations Committee. DEAD.

SB 517 (Gonzalez): Economic development: movement of freight.

This bill establishes a Freight Coordinator (Coordinator) within the Governor’s Office of Business and Economic Development (GO-Biz) to steer the growth, competitiveness, and sustainability for freight and the supply chain across the state and to promote and assess the continued economic vitality, economic competitiveness, and sustainability of the freight sector.

Status: Two-year bill at the request of the author. Stalled on the Senate Floor.

AA Position: SUPPORT.

AIR QUALITY

AB 650 (Arambula): San Joaquin Valley Unified Air Pollution Control District: board.

This bill makes changes to the governing board of the San Joaquin Valley Unified Air Pollution Control District, including increasing the membership and dictating specified experience of those members.

Status: Two-year bill. Failed to get a motion in the Assembly Local Government Committee.



AB 985 (Arambula): San Joaquin Valley Unified Air Pollution Control District: emission reduction credit system.

This bill requires the California Air Resources Board to conduct an analysis of the San Joaquin Valley Unified Air Pollution Control District's emission reduction credit banks for air pollutants by January 1, 2027.

Status: Two-year bill. Failed passage on concurrence on the Assembly Floor. Reconsideration granted.
AA Position: OPPOSE through coalition.

AB 849 (Garcia): Community emissions reduction programs.

This bill would expand AB 617 (C. Garcia, Chapter 136, Statutes of 2017) by allowing the California Air Resources Board (CARB) to assign measures developed by communities in their Community Emission Reduction Plans (CERPs) to other relevant state agencies for them to promulgate and enforce regulations unless they find those measures infeasible.

Status: Held under submission in the Senate Appropriations Committee. DEAD.
AA Position: OPPOSE through coalition.

AB 627 (Jackson): Heavy-duty trucks: grant program: operating requirements.

This bill would institute a 2035 ban on diesel truck traffic on streets within cities that have both SB 535 disadvantaged communities and any portion of the city in the highest 10% of diesel particulate matter exposure, according to the CalEnviroScreen tool. Many of these cities were port cities.

Status: Two-year bill at the request of the author.
AA Position: OPPOSE through coalition.

Climate

AB 305 (Villapudua): California Flood Protection Bond Act of 2024.

This bill places a \$4.5 billion flood protection and dam safety improvement bond before the voters on the November 5, 2024, General Election ballot.

Status: Two-year bill. All bonds put over for another year to accommodate the Governor's mental health bond.

AB 408 (Wilson): Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024.

This bill would enact the Climate-resilient Farms, Sustainable Healthy Food Access, and Farmworker Protection Bond Act of 2024, which places a \$3.65 billion general obligation bond before voters in the November 2024 General Election.

Status: Two-year bill. All bonds put over for another year to accommodate the Governor's mental health bond.

AB 1567 (E. Garcia): Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024.

This bill places a \$15.955 billion climate resilience general obligation bond before the voters on the March 5, 2024, Primary Election ballot.

Status: Two-year bill. All bonds put over for another year to accommodate the Governor's mental health bond.

SB 253 (Wiener): Climate Corporate Data Accountability Act.

This bill requires any partnership, corporation, limited liability company, or other U.S. business entity with total annual revenues in excess of \$1 billion and that does business in California to publicly report their annual greenhouse gas (GHG) emissions, as specified by the California Air Resources Board (CARB). Assembly Amendments ease the burden on reporting entities by permitting other specified data to be used in scope 3 emission reporting and aids CARB in enforcing the provisions by requiring the billion-dollar companies reporting under the bill also to provide a filing fee to offset expenses.

Status: Signed by the Governor. Chapter 382, Statutes of 2023.
AA Position: OPPOSE through coalition.



SB 261 (Stern): Greenhouse gases: climate-related financial risk.

This bill requires companies that do business in California and have gross revenues exceeding \$500 million annually to report on their climate-related financial risk.

Status: Signed by the Governor. Chapter 383, Statutes of 2023.

Almond Alliance Position: OPPOSE through coalition.

SB 638 (Eggman): Climate Resiliency and Flood Protection Bond Act of 2024.

This bill enacts the Climate Resiliency and Flood Protection Bond Act of 2024, which, if approved by voters on the November 5, 2024 statewide election ballot, authorizes \$6 billion in general obligation bonds for flood protection and climate resiliency projects.

Status: Two-year bill. All bonds put over for another year to accommodate the Governor’s mental health bond.

SB 867 (Allen): Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy Bond Act of 2024.

This bill authorizes a \$15.5 billion climate resilience bond to be placed before voters at an unspecified election.

Status: Two-year bill. All bonds put over for another year to accommodate the Governor’s mental health bond.

agreed on clarifying language to be made to the enacted law to address concerns around implementation and voting integrity. This bill implements that agreement. Specifically, the bill eliminates the option to conduct union elections using mail-in ballots but retains the option to conduct union elections via the “card-check” system.

Status: Signed by the Governor. Chapter 7, Statutes of 2023.

AB 636 (Kalra): Employers: agricultural employees: required disclosures.

This bill requires agricultural employers to provide employees, at the time of hire, information on the existence of a federal or state disaster declaration applicable to the county or counties where the employee will be employed if the emergency or disaster may affect the employee’s health and safety during employment. Additionally, this bill requires an H-2A visa employer to provide an employee, on their first day of work or upon transfer, the notice of basic employment-related information with a separate section in Spanish, and if requested by the employee, in English, describing an agricultural employee’s rights and protections.

Status: Signed by the Governor. Chapter 451, Statutes of 2023.

SB 399 (Wahab): Employer communications: intimidation.

This bill would prohibit any discussion of political or religious matters in the workplace and is unnecessary, considering existing California and federal laws that protect employees from any coercion related to their beliefs or activities outside the workplace.

Status: Two-year bill at the request of the author. Stalled in Assembly Appropriations Committee.

LABOR & EMPLOYMENT

AB 113 (Committee on Budget):

In September 2022, Governor Newsom signed AB 2183 and announced that the Governor, the United Farm Workers, and the California Labor Federation

SB 553 (Cortese): Occupational safety: workplace violence: restraining orders and workplace violence prevention plan.

This bill requires employers to establish, implement, and maintain an effective workplace violence prevention plan. Assembly amendments align this measure with current regulations underway at CalOSHA, and, as a result, the Cal Chamber and business community went neutral on the bill.

Status: Signed by the Governor. Chapter 289, Statutes of 2023.

SB 616 (Gonzalez): Sick days: paid sick days accrual and use.

This bill increases the three days of paid sick leave currently afforded to employees under existing law to five days, among other things.

Status: Signed by the Governor. Chapter 309, Statutes of 2023.

PESTICIDES

AB 363 (Bauer-Kahan): Pesticides: neonicotinoids for nonagricultural use: reevaluation: control measures.

This bill would prohibit, beginning January 1, 2025, the sale, possession, or use of a pesticide containing one or more neonicotinoid pesticides for any nonagricultural use on nonproduction outdoor or ornamental plants, trees, or turf, except by state-certified applicators and state licensed pest control dealers. The measure also requires the Department of Pesticide Regulation to evaluate the potential impacts of neonicotinoid pesticide uses on pollinating insects, aquatic ecosystems, and human health.

Note: The agricultural community has been on the sidelines watching this bill all year; however, amendments taken at the very end of the session bring agriculture back into the bill. Ag interests engaged in the last weeks of the session but were unsuccessful in making this a two-year bill.

Status: Signed by the Governor. Chapter 520, Statutes of 2023.

AB 652 (Lee): Department of Pesticide Regulation Environmental Justice Advisory Committee.

This bill would establish a Department of Pesticide Regulation Environmental Justice Advisory Committee to integrate environmental justice considerations into the Department of Pesticide Regulation's programs, policies, decision-making, and activities.

Status: Signed by the Governor. Chapter 622, Statutes of 2023.

Almond Alliance Position: OPPOSE through coalition.

AB 1322 (Fridman): Pesticides: second-generation anticoagulant rodenticide: diphacinone.

This bill would prohibit the use of the rodenticide diphacinone in wildlife habitat areas and prohibits the use of diphacinone in the state until the Department of Pesticide Regulation (DPR) has completed a reevaluation and developed and adopted further restrictions on its use. Makes changes to existing restrictions on the use of second-generation anticoagulant rodenticides consistent with those placed on diphacinone.

Status: Signed by the Governor. Chapter 836, Statutes of 2023.

Almond Alliance Position: OPPOSE through coalition.

TAXES

AB 657 (Jackson): Mental Health Services Funding Act

This bill would have imposed a tax for candy products on distributors and defined "candy" to include sweetened products in combination with nuts, fruit, or other items.

Status: Two-year bill at the request of the author.

WATER

AB 429 (Bennett): Groundwater wells: permits.

This bill would prohibit a local agency from approving permits for groundwater wells in a critically overdrafted basin until it obtains a written verification from the relevant groundwater sustainability agency (GSA) determining that the well is consistent with sustainable groundwater management and determines that the well will not interfere with existing nearby wells.

Status: Two-year bill. Stalled in the Assembly Water, Parks and Wildlife Committee without a hearing.

AB 460 (Bauer-Kahan): State Water Resources Control Board: water rights and usage: interim relief: procedures.

This bill grants the State Water Resources Control Board authority to issue an interim relief order to enforce the reasonable use doctrine, water rights, water quality standards, and other provisions of water law and would increase penalties for specified violations from \$500 per day to \$10,000 per day and \$2,500 per AF of water illegally diverted.

Status: Two-year bill. Hearing in the Senate Natural Resources & Water Committee delayed at the request of the author.

AB 560 (Bennett): Sustainable Groundwater Management Act: groundwater adjudication.

This bill would require that parties to a groundwater management adjudication action submit a proposed settlement agreement, prior to filing it with the court, to the State Water Resources Control Board (SWRCB) for a nonbinding advisory determination regarding its impact on sustainable groundwater management and small and disadvantaged users, and would also require the SWRCB to provide the determination within 120 days, among other things.

Status: Two-year bill. Held under submission in the Senate Appropriation Committee until next year.

AB 779 (Wilson): Groundwater: adjudication.

This bill makes various changes relating to the process for groundwater adjudication proceedings to increase transparency, including adding requirements that a court take into account the needs of disadvantaged communities and small farmers when entering a judgment and that groundwater pumpers in a basin subject to an adjudication continue to comply with any applicable groundwater sustainability plan.

Status: Signed by the Governor. Chapter 665, Statutes of 2023.

AB 1205 (Bauer-Kahan): Water rights: sale, transfer, or lease: agricultural lands.

This bill would direct the State Water Resources Control Board (SWRCB), on or before January 1, 2027, to conduct a study and report to the Legislature on the existence of speculation or profiteering by an investment fund in the sale, transfer, or lease of an interest in any surface water right or groundwater right previously put to beneficial use on agricultural lands, as specified.

Status: Two-year bill. Ordered to inactive file on the Senate Floor.

AB 1337 (Wicks): State Water Resources Control Board: water diversion curtailment.

This bill authorizes SWRCB to issue a curtailment order for any diversion, regardless of basis of right, when water is not available under the diverter's priority of right and makes the failure to comply with a curtailment order a trespass.

Status: Two-year bill at the request of the author. Stalled in the Senate Natural Resources and Water Committee.

AB 1563 (Bennett): Groundwater sustainability agency: groundwater extraction permit: verification.

This bill would prohibit permitting agencies from approving permits for certain new groundwater wells or altering certain existing well permits in a critically over-drafted basin subject to the Sustainable Groundwater Management Act unless

certain conditions are met.

Status: Two-year bill. Held in the Senate Governance & Finance Committee.

SB 389 (Allen): State Water Resources Control Board: investigation of water rights.

This bill would authorize the State Water Resources Control Board (SWRCB) to investigate and ascertain whether or not a water right is valid, authorize SWRCB to issue an information order in furtherance of the investigation, and authorize a diversion of use of water ascertained to be unauthorized to be enforced as a trespass. Assembly amendments made the bill less aggressive and removed much of the opposition, including from the agriculture industry.

Status: Signed by the Governor. Chapter 486, Statutes of 2023.

SB 659 (Ashby): California Water Supply Solutions Act of 2023.

This bill would require the Department of Water Resources (DWR), as part of the 2028 update to the California Water Plan and each subsequent update to the plan, to provide actionable recommendations to develop additional groundwater recharge opportunities that increase the recharge of the state's groundwater basins.

Status: Signed by the Governor. Chapter 624, Statutes of 2023.

Final State Budget Highlights

Sustainable Pest Management: The Budget includes \$1.9 million for the Department of Pesticide Regulation Fund and \$1.4 million ongoing to improve and streamline the Department's registration and reevaluation processes, identify alternatives to high-risk fumigants, and lead strategic collaborations with stakeholders and agency partners to develop plans and programs to support implementation of sustainable pest management in agricultural, urban, and wildland settings.

Appropriates \$4.8 million General Fund in 2023-24 and 2024-25 to support the State Water Board's oversight roles for basins deemed inadequate, as required by the **Sustainable Groundwater Management Act (SGMA)**.

\$165 million for drayage trucks and infrastructure at CARB and CEC to support Zero-Emission Vehicles.

Provides \$25 million General Fund to support projects that will reduce the risk of flooding for Central Valley communities while contributing to ecosystem restoration and agricultural sustainability.

Adopts \$40.6 million General Fund for ongoing Delta levee projects that reduce the risk of levee failure and flooding, provide habitat benefits, and reduce the risk of saltwater intrusion contaminating water supplies.

Funds \$75 million for the **Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program** provide funding through local air districts for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations. (AA Win)

Governor's Infrastructure Package: Almond Alliance was an early supporter and integral part of the success of the Governor in achieving the final passage of this package. The slate of bills, as listed below, passed as part of the budget, accelerate critical infrastructure projects across California that help build our 100% clean electric grid, ensure safe drinking water, boost the state's water supply, and modernize our transportation system. The package represented an urgent push by Governor Newsom to take full advantage of an unprecedented \$180 billion in state, local, and federal infrastructure

funds over the next ten years – critical to achieving California’s world-leading climate and clean energy goals while also creating up to 400,000 good-paying jobs. By streamlining permitting, cutting red tape, and allowing state agencies to use new project delivery methods, this legislation will maximize taxpayer dollars and accelerate timelines of projects throughout the state while ensuring appropriate environmental review and community engagement. (AA Win)

- **SB 145 (Newman):** Environmental mitigation: Department of Transportation

- **SB 146 (Gonzalez):** Public Resource: infrastructure: contraction
- **SB 147 (Ashby):** Fully Protected Species: California Endangered Species Act: authorized take
- **SB 149 (Caballero):** California Environmental Quality Act: administrative and judicial procedures: record of proceedings: judicial streamlining
- **SB 150 (Durazo):** Construction: workforce development: public contracts

Other Priority Issues

LandFlex

The LandFlex program emerges as a proactive and versatile solution, aiming to safeguard rural water systems, enhance groundwater sustainability, and bolster climate resilience. Developed as a voluntary initiative, LandFlex operates through collaborations between Groundwater Sustainability Agencies (GSAs) and proactive farmers, providing a dynamic approach to protect at-risk water systems and rural communities while achieving sustainability goals and true climate resilience.

Backed by a \$25 million grant from the state Department of Water Resources, the program leverages the temporary fallowing of agricultural lands in times of extreme drought and extreme flood to deliver immediate benefits to vulnerable domestic wells, protect rural communities and critical infrastructure, and achieve long-term groundwater sustainability.

Original partners in the development of LandFlex, the Almond Alliance, along with Western United Dairies, were selected as

Technical Assistance Providers for the program.

In its initial season, LandFlex achieved real, measurable results. Across six awarded GSAs, spanning five counties in Central California:

- LandFlex **immediately saved 16,161 domestic wells** in the Central Valley.
- **4,317 acres** of land were enrolled in LandFlex, permanently reducing demand on California’s aquifers while remaining available for flood protection, active groundwater recharge, and sustainable local farming.
 - This includes 972 acres of almonds.
- LandFlex **permanently saved water for 36,298 households** annually in the Central Valley.
- LandFlex provides **immediate protection to drinking water wells for 52,459 households** in underserved communities.

LandFlex has surpassed its initial purpose, showcasing its adaptability by extending its impact not only to drought protection and groundwater sustainability but flood protection, food security, and identifying areas for active recharge.

Its strength lies in its ability to simultaneously address multiple challenges – from safeguarding water sources to promoting sustainable agriculture practices. Operating in accordance with the Sustainable Groundwater Management Act (SGMA), LandFlex harnesses the flexibility of land management to propel climate-conscious actions, providing a tangible step towards achieving sustainable water management and resilience in the face of climate change.

Through voluntary collaboration and innovative on-the-ground strategies, LandFlex exemplifies the potential of community-driven initiatives to achieve meaningful and impactful results.

California Department of Pesticide Regulation (DPR)

Sustainable Pest Management Roadmap for California (January 2023): The California Department of Pesticide Regulation (DPR), the California Environmental Protection Agency (CalEPA), and the California Department of Food and Agriculture (CDFA) launched the Sustainable Pest Management (SPM) Work Group as part of the State of California’s commitment to accelerating the transition away from high-risk pesticides toward adoption of safer, sustainable pest control practices. Thirty-three members of the workgroup representing diverse interests (25 of which focused on agriculture) were tasked with aligning on a pathway to minimize

reliance on the use of toxic pesticides. After two years, the SPM Work Group and Urban Subgroup developed their report, titled “Accelerating Sustainable Pest Management: A Roadmap for California,” through focus groups, learning journeys, a systems assessment, stakeholder feedback, and months of dialogue. The Roadmap was released in early January of 2023 and unveils a plan to implement California’s systemwide transition to sustainable pest management and eliminate prioritized high-risk pesticides by 2050.

By 2025, as a first step in implementing these priorities, the SPM Work Group and Urban Subgroup call on the state to develop a plan, funding mechanisms, and programs to prioritize pesticides for reduction and to support the practice change necessary to transition away from the use of high-risk pesticides in agricultural and nonagricultural settings.

Fumigation: DPR plans to enter into an agreement with the California Council on Science and Technology (CCST) to conduct a comprehensive study on current fumigant use in California and assess the available alternatives to these fumigants. In addition, DPR is interested in identifying current research on fumigant alternatives and the challenges and research gaps around their development and their adoption in California. The study goals align with DPR’s mission to protect human health and the environment by regulating pesticide sales and use, fostering reduced-risk pest management, and aligning with the SPM Roadmap and DPR’s goal to accelerate the adoption of SPM in California. The study is expected to begin later this year and end in 2025. Almond Alliance and the Almond Board, as interested stakeholders, have provided feedback to DPR to guide CCST in the conduct of their study. Among

other things, the Alliance has communicated the need to engage governments worldwide that the alternative treatments provide adequate protection, meeting photo/trade standards, from invasive species/unwanted species.

Strategic Plan: DPR has begun updating its strategic plan to set action-oriented goals to guide priorities over the next five years. Released recently for public feedback, DPR's draft 2024 Strategic Plan updated the DPR Mission and DPR Vision and outlined numerous lofty goals; however, no due dates are set yet. Many of the goals outlined in the plan are extremely concerning for the almond industry, which relies heavily on integrated pest management and fumigation as required for export. The release of the draft commenced a public comment period for interested parties, and DPR has scheduled four public meetings to accept comments and feedback. Almond Alliance and the Almond Board will draft and submit comments outlining concerns with the Draft Plan.

Mill Fee: DPR released the results of an independent study designed to evaluate the Department's main funding source, the mill fee, this past August.

The study found that DPR is critically underfunded, jeopardizing its ability to continue operating foundational programs. The study also found that the Department lacks funding to support the development and implementation of the Sustainable Pest Management Roadmap for California.

To help ensure long-term, stable funding for the department, the Mill Assessment Study recommends a phased-in increase of the mill

- from the current \$0.021 for every dollar in sales up to \$0.0339 per dollar in sales. The study also recommends considering a future tiered mill structure to support and incentivize sustainable pest management.

The Department will now work with the Legislature and Administration in executing the mill recommendations with a goal of implementation set for the Summer of 2024.

CPFR Reevaluation of Diphacinone: On October 3, 2023, DPR noticed the final decision to begin reevaluation of pesticide products containing the active ingredients diphacinone and diphacinone sodium salt. Diphacinone is classified as a first-generation anticoagulant rodenticide (FGAR) and is utilized in the almond industry both in the fields and in warehouse/storage facilities as part of integrated pest management. This FGAR has recently received attention because of concerns about its impact on non-target wildlife, such as mountain lions.

In May of 2023, DPR issued the Notice of Proposed Decision to Begin Reevaluation of Diphacinone and Public Report, which reviewed diphacinone-specific information and data submitted to DPR of diphacinone's prevalence, toxicity, effect on non-target wildlife, and the extent of its interaction with other rodenticides on non-target wildlife. DPR's investigation of diphacinone concluded that the percentage of non-target wildlife with diphacinone exposure, as represented in the CDFW loss reports, has increased substantially.

After issuing the notice in May, DPR provided a 60-day public comment period, which closed in July. Almond Alliance submitted

comments expressing concern about CDPH's assessment that it must start reevaluation of diphacinone.

DPR has completed its review of the public comments, and the Director is proceeding with initiation of a reevaluation of pesticide products containing the active ingredient diphacinone. DPR has not yet determined all of the data it may require pursuant to this reevaluation. However, DPR intends to require data related to diphacinone exposure rates and any resulting risk of adverse impacts to non-target wildlife.

DPR Actions on 1,3-dichloropropene (1,3-D):

On November 18, 2022, DPR published a Notice of Proposed Regulatory Action for regulations concerning health risk mitigation and volatile organic compound emission reduction for 1,3-D. A 15-day Notice was initiated on May 9, 2023, and a second draft was released in late July with a comment period that ended in early August.

The proposed action will restrict the use of 1,3-D to mitigate the potential 72-hour acute risk and 70-year lifetime cancer risk to non-occupational bystanders. The proposed mitigation measures will also further reduce the emissions of 1,3-D as a volatile organic compound. The proposed action will allow the use of 1,3-D only for the production of agricultural commodities, effectively prohibiting other uses that are not currently registered; establish mandatory setbacks (distances from occupied structures where 1,3-D cannot be applied); set limits on the application rate and acres treated for individual field soil fumigations; place restrictions on multiple field soil fumigations that do not meet distance or time separation criteria; limit the allowed methods to apply 1,3-D, including establishing criteria for acceptable types of tarpaulins that can be used; require an annual report from DPR that

includes evaluations of 1,3-D use and air monitoring results; and require the inclusion of certain information in existing pesticide use records and pesticide use reports. DPR also proposes to incorporate "1,3-Dichloropropene Field Fumigation Requirements, Est. January 1, 2024" by reference in the proposed regulations.

Almond Alliance provided comments to DPR with moderate success but was unfortunately limited by litigation requirements at the Department.

Disasters/Disaster Relief

In 2023, California faced extreme weather shifts from drought to historic winter storms and an unexpected hurricane. Governor Newsom declared a state of emergency in response to widespread flooding from atmospheric river storms. President Biden later issued declarations to support recovery efforts. Record rainfall and snowfall in the San Joaquin region and Sierra Nevada set the stage for spring flooding, impacting the almond industry in Tulare. Collaborative efforts focused on mitigating flooding impacts through forecasting and reservoir operations.

Governor Newsom allocated \$436 million in the budget to support at-risk communities, anticipating another wet winter. In August, he signed an executive order streamlining levee repairs. Unexpectedly, a hurricane hit Southern California, causing significant damage to almond production in Kern, Fresno, Kings, and Tulare counties. Preliminary estimates indicate losses of \$362,375,000, prompting state and federal teams to seek disaster assistance for the industry, which contributes to approximately 50% of the nation's almond yield.

On November 22nd, Governor Newsom announced that California had secured a Presidential Major Disaster Declaration to support Tropical Storm Hilary recovery efforts. The declaration unlocks additional Federal Emergency Management Agency funding to supplement state, tribal and local recovery efforts in the areas of Imperial, Inyo, Kern, Riverside and Siskiyou counties affected by the storm. The Presidential Major Disaster Declaration makes available federal Public Assistance funding to state, tribal and eligible local governments on a cost-sharing basis for emergency work and the repair or replacement of facilities damaged by the storm. Federal funding is also available on a cost-sharing basis for hazard mitigation measures statewide.

Water

The California Department of Water Resources (DWR) has released the public review draft of California Water Plan Update 2023. The California Water Plan is a guide for managing and developing the state's water resources. This plan informs water managers, including water districts, cities, counties, and Tribal communities, to better prepare for climate extremes so all Californians can access water. The California Water Plan is updated every five years to reflect current water conditions and State government priorities.

DWR will be accepting public comments from water community members and people impacted by water management and policies to help shape the Water Plan.

NEMA at California Public Utilities Commission (CPUC)

The California Public Utilities Commission (CPUC) has recently released a proposed decision outlining potential changes to NEM-3, VNEM, NEMA, and the implementation of AB 2143. The CPUC's proposed decision has addressed key aspects of NEM-3, VNEM, and NEMA, including the treatment of on-site netting. The proposal rejects the inclusion of on-site netting, which could have implications for farms with multiple meters. Under this proposal, these customers may be restricted from consuming self-generated energy on-site, necessitating the purchase of energy from the utility at retail rates.

The Farm Bureau and Agricultural Energy Consumers Association are interested parties in the proceedings on behalf of the agricultural industry. Almond Alliance has also jumped into the fight, testifying at recent CPUC hearings requesting the decision be amended to allow on-site netting. The vote on the proposed decision occurred in mid-November, and unfortunately the PUC opted not to reinstate the NEMA onsite netting program despite the outcry of not only the agricultural community, but also schools in the state.

Association **Activity**

Annual Convention

We gathered at La Quinta for our 2023 convention to celebrate 41 years as the voice of American almonds. Hosted at the fabulous La Quinta Resort & Club in Palm Desert on April 24-27, 2023, the successful event included dynamic and engaging presentations on water, trade, pollinators, and more, as well as interactive networking opportunities and expert perspectives this year. The Convention ended with an interview with Lieutenant Governor and 2026 Gubernatorial Candidate, Eleni Kounalakis.

- 400 attendees
- 25 Speakers in 8 Mainstage Sessions + 2 Breakout Sessions
- 2 Sold Out Golf Tournaments
- 35 Exhibits

Join us next April in Lihue, Hawaii!



Almond PAC Events

The Almond PAC is an influential organization dedicated to supporting the almond industry and advancing the interests of almond growers, huller shellers, and processors. Through strategic fundraising events, like receptions, tours, and golf tournaments, the Almond PAC raises funds, fosters relationships, and strengthens its position in the political landscape.

Convention PAC Events

During our Annual Convention, the Almond PAC hosted a private reception for actively engaged and contributing members of the organization. In addition to the reception, the Almond PAC organized a highly successful golf tournament at the PGA WEST Nicklaus Tournament Course. The tournament provided a platform for friendly competition and facilitated invaluable interactions and connections.



Almond Champion of the Year/Modesto Fundraiser

The Almond Alliance proudly announced their 2022 Almond Champions of the Year recipients at the Almond PAC's Annual Modesto Event. Congratulations to the California Department of Food and Agriculture (CDFA) and the California Governor's Office of Business and Economic Development (Go Biz). These agencies were honored because of their leadership and partnership in finding solutions to the California shipping crisis, which had crippled the almond industry.

"The Almond Alliance is proud to make the Almond Champion of the Year Award to these two agencies, which joined us in finding innovative solutions to a crisis hurting our businesses and damaging our worldwide reputation," said Mike Curry, chairman of the Almond Alliance.

Training & Membership Resources

Our priorities are your priorities, derived by engaging with and being responsive to our diverse and dynamic community and membership. Every February, the Alliance takes the show on the road for listening sessions in all 16 almond counties, as well as participating in member events every chance we get!

This year, the Almond Alliance offered a series of webinars and training for our members in both English and Spanish, including:

- Freeze Damage Reporting & Resources
- USDA Programs & Services
- CDFA Almond Hull Education Seminar
- Almond Express Shipping Webinar Series
- Lunch & Learns
- Henderson Hatfield's Annual Labor Law Training and Harassment Prevention Training

Coalitions & Partners

This year, we have had the pleasure of continuing to work with industry allies while also building relationships and opportunities with new partners.

Along with forging partnerships with industry and administration, we have joined the Western Agriculture Conservation Coalition, Farmers for Free Trade.



CALIFORNIA DEPARTMENT OF
WATER RESOURCES



WESTERN UNITED DAIRIES



FARMERS for
FREE TRADE



Our Brands

Almond PAC

Created by the Almond Alliance in 2014, the California Almond Industry Political Action Committee (Almond PAC) protects our industry and promotes shared interests within the community. The Almond PAC capitalizes on individual contributions and collectively distributes them strategically to key candidates for Congressional and California statewide elections.



Pollinator Alliance

An Almond Alliance Initiative, Pollinator Alliance is a hub for California almond growers, providing resources and programs that protect, nurture, and promote our symbiotic relationship with pollinators. Learn more at **PollinatorAlliance.Farm**.



Almond Alliance Foundation

By focusing on education and philanthropy, the foundation is crucial in ensuring that farmers and their communities have the resources and knowledge they need to blossom.



- ✓ Education
- ✓ Policymaker/Industry Tours
- ✓ Philanthropy
- ✓ State & Federal Programs

Almond Alert

Almond Alert is the Almond Alliance's new bi-monthly podcast bringing new thoughts, thinkers, ideas, and information to our almond community worldwide. Listen, or watch, on our favorite podcast platform!





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