

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2778 (Committee on Agriculture) – As Amended March 16, 2026

Policy Committee: Agriculture

Vote: 8 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

**SUMMARY:**

This bill extends the California Seed Law (CSL) subvention program until July 1, 2032, and expands the scope of the California Department of Food and Agriculture's (CDFA) California Nutrition Incentive Program (CNIP).

Specifically, this bill:

- 1) Extends the sunset on the CSL subvention program from July 1, 2027, to July 1, 2032, and repeals statutory provisions related to the program on January 1, 2036.
- 2) Recasts the purpose of the CNIP to require the program be administered in a manner designed to maximize eligibility for, and alignment with, relevant federal grant programs supporting nutrition incentives, including programs administered by federal agencies when available.
- 3) Specifies that a certified mobile farmers' market, as defined, is a qualified entity eligible to be awarded moneys through the CNIP.

**FISCAL EFFECT:**

- 1) This bill extends the annual payment of \$120,000 (Seed Services Fund) CDFA provides to county agricultural commissioners to perform local seed inspection and enforcement. CDFA's Seed Services Program expenditures are continuously appropriated and supported by industry seed assessments, registration fees, and penalties. CDFA's annual costs to administer the Seed Services Program are minor and absorbable.

Every labeler of agricultural or vegetable seed offered for sale in California, or any person who sells that seed in the state, must annually register as a seed labeler and pay CDFA an annual fee of \$40. In addition, those who are registered seed labelers must also pay an assessment capped at 40 cents per \$100 of gross annual dollar volume sales. The secretary of CDFA must determine the rate of the assessment, not to exceed the department's cost of administering the Seed Services Program. CDFA allocates \$120,000 for subvention payments among all counties for costs incurred by county agricultural commissioners for enforcement of the CSL. At the discretion of the secretary and upon recommendation of the Seed Advisory Board, counties with no registered seed labelers may annually receive \$100. Agricultural commissioners in counties with registered seed labelers receive subventions based on the volume of work performed.

- 2) While this bill explicitly codifies the eligibility of a “certified mobile farmers’ market” for CNIP funding, current law already deems a “certified farmers’ market” as a qualified entity under the program, which the committee presumes includes mobile markets. Therefore, the committee does not view this codification as creating new or increasing cost pressures on CNIP. CDFA reports CNIP already funds “certified mobile farmers’ markets” (as defined in this bill) that sell California-grown fresh produce and accept certain nutrition benefits, including Rollin’ Root (operated by the Agricultural Institute of Marin) and Freshest Cargo (operated by Fresh Approach).

According to CDFA, the CNIP has distributed over \$53.6 million in nutrition incentives since 2017 and plans to distribute over \$16 million in 2026.

The Legislative Analyst’s Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

#### COMMENTS:

**Background. *CSL Subvention Payments.*** The CSL was enacted in 1967 to ensure agricultural and vegetable seed is properly and accurately identified on the product label. The CSL is locally enforced by county agricultural commissioners who enter into cooperative agreements with the secretary of CDFA and agree to maintain a statewide compliance level on seed sold in each county. In return, county agricultural commissioners receive annual subvention payments for expenses incurred in association with approved enforcement workplans. This bill extends the sunset on this program; the Assembly Agriculture Committee writes, “Without this subvention, it is unlikely that CSL would be enforced in a cost-effective manner.”

**CNIP.** Established in 2015, the program is funded by a combination of state General Fund dollars and federal funds, including federal funding through the Gus Schumacher Nutrition Incentive Program (GusNIP), formerly the Food Insecurity Nutrition Incentive (FINI). CNIP has grown into a statewide network operating at more than 320 certified farmers’ markets, retail grocery locations, mobile markets, and farm stands across the state. CNIP supports shoppers using nutrition benefits (CalFresh, Special Supplemental Nutrition Program for Women, Infants, and Children, and Senior Farmers Market Nutrition Program) by encouraging them to increase their consumption of fruits and vegetables. For every benefit dollar a shopper spends, the shopper receives an additional dollar to spend on fruits and vegetables, within set parameters.

According to a coalition of organizations, this bill does two things with respect to the CNIP. First, it revises statute to both reflect the change in federal funding from FINI to GusNIP while allowing for maximum flexibility for California to pursue other federal funding programs. The coalition notes that, while the federal GusNIP program remains the most viable active funding opportunity, there may be other federal funds that flow through the U.S. Department of Agriculture or U.S. Department of Health and Human Services. And second, the bill ensures certified mobile farmers’ markets are treated equivalently to certified farmers’ markets and farm stands with respect to eligibility for CNIP. AB 2786 (Mia Bonta), Chapter 915, Statutes of 2024, established a new definition for “certified mobile farmers’ market” to connect agricultural products sold or distributed at retail directly to communities through mobile food facilities. The coalition writes that mobile markets have participated in CNIP and provided matching incentives through Market Match and related nutrition incentives for years, “and this bill would amend statute to reflect the formal definition of certified mobile farmers markets established in 2024.”

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