REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE:

May 14, 2014

TO:

Honorable Members of the Rules, Elections and Intergovernmental Relations

Committee

FROM:

Gerry F. Miller Chief Legislative Analyst

Council File No.: 14-0002-S31

Assignment No.: 14-03-0212

SUBJECT:

Resolution (Koretz - O'Farrell) to support SB 1381 (Evans) to require the labeling of

genetically modified food.

<u>CLA RECOMMENDATION</u>: Adopt the attached Resolution (Parks - Koretz) to include in the City's 2013-2014 State Legislative Program SUPPORT of SB 1381 (Evans), which would require genetically engineered food to be labeled as such.

SUMMARY

Resolution (Koretz - O'Farrell) states that California Proposition 37, "Mandatory Labeling of Genetically Engineered Food," a proposed state statute initiated to provide consumer protections from the hazards associated with the consumption of genetically engineered (GE) foods, primarily by increasing transparency in the production, distribution, and consumption of GE foods was defeated by voters on November 6, 2012. Proposition 37 would have required labeling of raw and processed food containing any measurable levels of GE ingredients, and prohibited the labeling and advertising of such foods as "natural."

Currently pending before the State Senate is a bill, SB 1381, which was introduced by Sen. Noreen Evans on February 21, 2014. The Resolution states that the bill is widely believed to be a simplified and more appropriate mechanism for providing consumer protections and increasing transparency surrounding genetically engineered foods. The Resolution further states that SB 1381 (Evans) would require: genetically engineered food to be labeled as "genetically engineered" or "GE"; require partially genetically modified foods to be labeled as "Produced with Genetic Engineering" "Partially Produced with Genetic Engineering." In addition, SB 1381 (Evans) would indemnify producers of any legal liability for failure to label packaged foods with genetically modified ingredients comprising less than one percent of the total.

The Resolution recommends that the City support SB 1381 (Evans).

BACKGROUND

Genetic engineering refers to the introduction of a gene to produce desirable traits in agricultural products such as faster and larger development, stronger resistance to disease, and a higher yield of products for industrial use. The federal Food and Drug Administration (FDA) does not currently require that food to be labeled to merely indicate that the food is derived from genetically engineered sources.

SB 1381 (Evans), also known as the California Right To Know Genetically Engineered Food Act, would require genetically engineered food sold in California to be labeled as such. According to the author, California residents broadly support the concept of requiring food producers to label foods produced with genetic engineering to enable consumers to make more informed food-buying decisions. Among other provisions, the bill would:

- Require any raw agricultural commodity or packaged food that is entirely or partially produced with genetic engineering to be labeled. Alcoholic beverages, food sold at certified farmer's markets, and food sold at farm stands would be exempt from this requirement.
- Require a manufacturer of a raw agricultural commodity packaged for retail sale to include the words "Genetically Engineered" on the packaging. For products that contain some genetically engineered products, producers would apply a label with the words "Produced with Genetic Engineering" or "Partially Produced with Genetic Engineering."
- Authorize a consumer to bring an action for product mislabeling. However, a manufacturer or retailer selling food products in good faith would not be in violation unless the manufacturer or retailer knew or should have known that the product was produced with genetic engineering.
- Exempt from liability farmers, producers, or suppliers who are not retailers or manufacturers.
- Direct the California Department of Public Health to adopt and enforce regulations to implement the bill. The bill would become effective on January 1, 2016, if signed into law.

Groups such as the California Institute for Rural Studies, California Nurses Association, and Californians for GE Food labeling have stated that SB 1381 (Evans) would allow State residents choice in their consumption of foods and should be adopted for various health, economic, and religious considerations. Organizations such as the Agricultural Council of California and the California Chamber of Commerce have expressed concerns that the bill would increase cost of food to consumers without providing any further health or nutrition benefits.

The Senate Committee on Appropriations has reviewed SB 1381 (Evans) and anticipates a General Fund impact to the State in the amount of \$1.1 million for the first year and annual costs in the amount of \$850,000 for costs associated with implementation and enforcement.

Federal Legislation

On April 24, 2013, Sen. Barbara Boxer of California introduced S. 809, the Genetically Engineered Right-to-Know Act, which would require the labeling of genetically engineered food and foods that contains genetically engineered ingredients. On April 24, 2013, Rep. Peter DeFazio of Oregon introduced H.R. 1699 which contains similar requirements as S. 809.

S. 809 (Boxer) was referred to the Committee on Health, Education, Labor, and Pensions for further consideration; H.R. 1699 (DeFazio) was referred to the Subcommittee on Health.

State of Vermont

On May 8, 2014, the State of Vermont enacted a law to require the labeling of genetically engineered foods. The Vermont law would require a producer of raw agricultural commodities and processed foods to label that the food was entirely or partially comprised of genetically engineered components. Civil penalties of up to \$1,000 per day would apply for non-compliance. Retailers would be exempt from liability. The law will take effect in July 2016 and will be enforced by the Vermont Attorney General. In April 2014, the Vermont Legislature established the Vermont Food Fight Fund to support implementation, administration, and legal defense of the law. It is our understanding that legislation relative to the labeling of genetically engineered foods is pending in several states.

Local Efforts

On October 24, 2012, the Los Angeles City Council adopted a Resolution to support Proposition 37, the California Right to Know Genetically Engineered Food Act, which was a ballot measure which appeared on the November 2012 California Statewide Ballot but failed to pass (C.F. 12-0002-S67).

On February 20, 2013, the Council adopted a Resolution to oppose action by the FDA to approve genetically engineered salmon and support for any legislation which would prohibit the FDA from issuing such an approval (C.F. 13-0002-S22). On October 18, 2013, a Motion (Koretz - O'Farrell - Bonin) was introduced which requested the City Attorney to prepare and present an Ordinance which would prohibit the growth of genetically modified crops within the City of Los Angeles. The Motion is currently pending in the following Committees for further consideration: Arts, Parks, Health, Aging and River; Energy and Environment; and Planning and Land Use Management (C.F. 13-1374).

Conclusion

While anticipated impacts to the State General Fund may cause reduction in other funds the City receives for other programs, SB 1381 (Evans) is consistent previous positions the City has taken relative to the issue of genetically engineered foods. Therefore, we recommend that the City support SB 1381 (Evans).

Departments Notified

None.

Bill Status	
May 12	Placed in Appropriations suspense file.
May 5	From committee with author's amendments. Read second time and
	amended. Re-referred to Committee on Appropriation.
April 28	Withdrawn from committee. Re-referred to Committee on Appropriation.
April 24	From committee with author's amendments. Read second time and
-	amended. Re-referred to Committee on Agricultural. Set for hearing April 29.
April 23	From committee: Do pass and re-refer to Committee on Agriculture. (Ayes 4,
	Noes 2) (April 22). Re-referred to Committee on Agriculture.
April 3	Re-referred to Committees on Judiciary and Agriculture. From committee with
-	author's amendments. Read second time and amended. Re-referred to
	Committee on Judiciary.
Mar. 27	From committee: Do pass and re-refer to Committee on Rules (Ayes 5, Noes 2).
Mar. 17	Referred to Committees on Health, Agriculture, and Judiciary.
Feb. 21	Introduced. To Committee on Rules for assignment.

Brian Randol Analyst

Attachments:

- 1. Resolution (Parks Koretz)
- 2. Text of SB 1381 (Evans)

14-002-531

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, California Proposition 37, "Mandatory Labeling of Genetically Engineered Food," a proposed state statute initiated to provide consumer protections from the hazards associated with the consumption of genetically engineered (GE) foods, primarily by increasing transparency in the production, distribution, and ultimately, consumption of GE foods, in the effort of protecting consumers with was defeated on November 6, 2012; and

WHEREAS, Proposition 37 would have required labeling of raw and processed food containing any measureable levels of GE ingredients, prohibited the labeling and advertising of such foods as "natural," exempted from this requirement foods that classified as "certified organic" that were found to have been unknowingly produced with GE ingredients as well as foods processed containing sufficiently small or negligible quantities of GE ingredients; and

WHEREAS, currently pending before the State Senate is a bill, SB 1381, introduced by California State Senator Noreen Evans on February 21, 2014, which is widely believed to be a cleaner, more simple, and more appropriate mechanism for providing consumer protections and increasing transparency surrounding the GE foods; and

WHEREAS, SB 1381 would require genetically engineered food to be labeled as "genetically engineered" or "GE", require partially genetically modified foods, namely foods not comprised entirely of genetically modified ingredients, to be labeled as "Produced with Genetic Engineering" or "Partially Produced with Genetic Engineering," and indemnify producers of any legal liability for failure to label packaged foods with genetically modified ingredients comprising less than one percent of total;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that upon the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program support of SB 1381, which would require genetically engineered food to be labeled as such, as further detailed in the text of this Resolution.

PRESENTED BY

PAUL KORETZ
Councilmember, 5th District

MAR 2 1 2014

AMENDED IN SENATE MAY 5, 2014 AMENDED IN SENATE APRIL 24, 2014 AMENDED IN SENATE APRIL 3, 2014

SENATE BILL

No. 1381

Introduced by Senator Evans
(Coauthors: Senators-DeSaulnier DeSaulnier, Leno, and Pavley)
(Coauthors: Assembly Members Levine and Yamada)

February 21, 2014

An act to amend Section 111910 of, to add Section 110663 to, and to add Article 6.6 (commencing with Section 110808) to Chapter 5 of Part 5 of Division 104 of, the Health and Safety Code, relating to genetically engineered food.

LEGISLATIVE COUNSEL'S DIGEST

SB 1381, as amended, Evans. Food labeling: genetically engineered food.

Existing law, the Sherman Food, Drug, and Cosmetic Law, makes it unlawful to manufacture, sell, deliver, hold, or offer for sale, any food that is misbranded. Food is misbranded if its labeling does not conform to specified state and federal labeling requirements regarding nutrition, nutrient content or health claims, and food allergens. Violation of this law is a misdemeanor.

This bill, beginning January 1, 2016, would require that any food, except as provided, offered for retail sale in the state be considered misbranded if it is entirely or partially genetically engineered, as defined, and that fact is not disclosed in a specified manner. The bill would prescribe labeling requirements for a raw agricultural commodity that is genetically engineered and packaged foods, as defined, containing

some products of genetic engineering. The bill would impose these labeling requirements on manufacturers and retailers, as defined, of the commodities and foods.

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Existing law authorizes any person to bring an action in superior court for violations of the California Organic Products Act of 2003, which, among other things, prohibits a product from being handled, processed, sold, advertised, represented, or offered for sale in this state unless it also is prominently labeled and invoiced in compliance with federal regulations, as specified. The law authorizes the court to grant a temporary or permanent injunction restraining any person from violating the act. The law also authorizes the court to award reasonable attorney's fees to a person, organization, or entity that brings an action pursuant to these provisions.

This bill would apply these provisions to violations of the genetically engineered food provisions described above.

Because this bill would create new crimes by expanding the number of foods that could potentially be misbranded, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the 2 following:
- 3 (a) California consumers have the right to know, through 4 labeling, whether the foods they purchase were produced with 5 genetic engineering, so they can make informed purchasing 6 decisions.
- 7 (b) Polls consistently show that the vast majority of the members 8 of the public, more than 90 percent, want to know, for health,
- 9 economic, environmental, religious, and ethical reasons, if the
- 10 food they purchase was produced with genetic engineering.

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(c) Without mandatory disclosure, consumers of foods produced through genetic engineering may unknowingly violate their dietary and religious beliefs.

- (d) There is currently no federal or California requirement that genetically engineered (GE) foods be labeled. In contrast, 64 countries, including three of California's leading trading partners, Japan, China, and the European Union member states, as well as South Korea, Australia, Russia, and Malaysia, already have laws mandating that foods produced through genetic engineering be labeled.
- (e) The United States Food and Drug Administration (FDA) does not require safety studies of GE foods. Instead, any consultations are voluntary and GE food developers may decide what information to provide to the FDA.
- (f) Genetic engineering of plants and animals can cause unintended consequences. It has been demonstrated that manipulating genes through genetic engineering and inserting them into organisms is an imprecise process. The results are not always predictable or controllable.
- (g) United States government scientists have stated that the artificial insertion of genetic material into plants via genetic engineering can increase the levels of known toxicants or allergens in foods and create new toxicants or allergens with consequent health concerns.
- (h) Mandatory identification of foods produced with genetic engineering can provide a method for detecting, at a large epidemiological scale, the potential health effects of consuming those foods.
- (i) Numerous foreign markets with restrictions on foods produced through genetic engineering have restricted imports of United States crops due to concerns about genetic engineering. Some foreign markets are choosing to purchase agricultural products from countries other than the United States because GE crops are not identified in the United States, which makes it impossible for buyers to determine what does or does not meet their national labeling laws or restrictions and thus renders United States products less desirable.
- (j) Agricultural exports in California in 2011 generated \$16.8 billion in revenue, representing 39 percent of total production. Mandatory identification of foods produced with genetic

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 engineering can be a critical method of preserving the economic value of exports or domestically sensitive markets with restrictions on, or prohibitions against, genetic engineering. Preserving the identity, quality, and reliability of California's agricultural products and exports is critical to the state's economic well-being.

- (k) The cultivation of GE crops can have serious effects on the environment. For example, in the year 2012, 93 percent of all soy grown in the United States was genetically engineered to be herbicide resistant. In fact, the vast majority of GE crops are designed to withstand herbicides and they, therefore, promote indiscriminate herbicide use. As a result, GE crops have caused 527 million pounds of additional herbicides to be applied to the nation's farmland. These toxic herbicides damage the vitality and quality of our soil, contaminate our drinking water, and pose health risks to consumers and farmworkers. Further, because of the consequent massive increase in herbicide use, herbicide-resistant weeds have developed and flourished, infesting farm fields and roadsides, complicating weed control for farmers, and causing farmers to resort to more and increasingly toxic herbicides.
- (1) The FDA is currently proposing approval of the first GE salmon for human consumption. Wild Pacific salmon are a critical natural and cultural resource of California and are under increasing environmental stress. More than 106 major salmon runs in northern California and the Pacific Northwest are extinct and another 214 runs of wild salmon are at risk of extinction. An escaped GE fish could pose additional environmental risk to California's already stressed wild salmon populations and coastal ecosystems by, among other things, imposing new competitive pressures on these populations for food and space, interfering with effective breeding and reproduction, and spreading disease. The west coast salmon fishing industry, including both commercial and recreational components, has lost an estimated 72,000 jobs during the last 20 years. In the face of market confusion, seafood consumers may avoid purchasing salmon altogether to avoid genetically engineered salmon which would further negatively impact California's wild salmon fishermen.
- (m) The people of California should have the choice to avoid purchasing foods produced in ways that can lead to that environmental harm.

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(n) Labeling of foods produced through genetic engineering as provided in this act can be implemented without substantial burden to either food producers or the government.

SEC. 2. It is the intent of the Legislature, with the enactment of this act, to require the labeling of all foods produced with genetic engineering sold within the state, with exceptions.

SEC. 3. Section 110663 is added to the Health and Safety Code, to read:

110663. A food is misbranded if its labeling does not conform to the requirements of Section 110809.

SEC. 4. Article 6.6 (commencing with Section 110808) is added to Chapter 5 of Part 5 of Division 104 of the Health and Safety Code, to read:

Article 6.6. The California Right to Know Genetically Engineered Food Act

- 110808. The following definitions shall apply for the purposes of this article only:
- (a) "Food" shall have the meaning set forth in Section 109935, except that "food" as used in this article includes only food for human consumption and not any food for consumption by animals.
- (b) (1) "Genetically engineered" means produced from an organism or organisms in which the genetic material has been changed through the application of either of the following:
- (A) (i) In vitro nucleic acid techniques, which include, but are not limited to, recombinant deoxyribonucleic acid (DNA) or ribonucleic acid (RNA) direct injection of nucleic acid into cells or organelles, encapsulation, gene deletion, and doubling.
- (ii) "In vitro nucleic acid techniques" include, but are not limited to, recombinant DNA or RNA techniques that use vector systems, and techniques involving the direct introduction into the organisms of hereditary materials prepared outside the organisms such as biolistics, microinjection, macroinjection, chemoporation, electroporation, microencapsulation, and liposome fusion.
- (B) Methods of fusing cells beyond the taxonomic family that overcome natural physiological, reproductive, or recombinant barriers, and that are not techniques used in traditional breeding and selection such as conjugation, transduction, and hybridization.

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32 33 (2) "Genetically engineered" does not include an animal who has not itself been genetically engineered, regardless of whether that animal has been fed or injected with any food or any drug that has been produced through means of genetic engineering.

- (c) "Label" shall have the meaning set forth in Section 109955.
- 6 (d) "Labeling" shall have the meaning set forth in Section 7 109960.
 - (e) "Manufacturer" means the person or entity that makes, processes, combines, or packages food ingredients into a finished product.
 - (f) "Organism" means any biological entity capable of replication, reproduction, or transferring genetic material.
 - (g) "Packaged food" means any food offered for retail sale in the state, other than raw food and food served, sold, or provided ready to eat in any bake sale, restaurant, or cafeteria that are subject to the provisions of Article 6 (commencing with Section 110660).
 - (h) "Raw agricultural commodity" shall have the meaning set forth in Section 110020.
 - (i) "Retailer" means an establishment engaged in the business of selling any perishable agricultural commodity or packaged food via a storefront.
 - (j) "Supplier" means a person or entity that engages in the operation of selling or distributing raw agricultural commodities that the person or entity has produced, purchased, or acquired from a processor.
 - 110809. (a) Any raw agricultural commodity or packaged food that is entirely or partially produced with genetic engineering shall be labeled in accordance with this article and is misbranded if not labeled in accordance with this article.
 - (b) This section does not apply to an alcoholic beverage that is subject to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code).
- 34 (c) This section does not apply to any food sold at a certified 35 farmers' market, field retail stand, or farm stand, as defined by 36 Sections 47004, 47030, and 47050 of the Food and Agricultural 37 Code.
- 38 110809.1. (a) (1) A manufacturer of a raw agricultural 39 commodity packaged for retail sale shall include the words

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"Genetically Engineered" clearly and conspicuously on the front or back of the package of that commodity.

- (2) A retailer of a raw agricultural commodity that is not separately packaged or labeled shall place a clear and conspicuous label on the retail store shelf or bin in which that commodity is displayed for sale.
- (b) A manufacturer of packaged food containing some products of genetic engineering shall label the product in clear and conspicuous language on the front or back of the package of that food product with the words "Produced with Genetic Engineering" or "Partially Produced with Genetic Engineering."
- (c) This section shall not be construed to require a label that lists or identifies an ingredient that was genetically engineered, or that the words "genetically engineered" be placed immediately preceding any common name or primary product descriptor of a food.
- (d) This section does not apply to an alcoholic beverage that is subject to the Alcoholic Beverage Control Act (Division 9 (commencing with Section 23000) of the Business and Professions Code).
- (e) This section does not apply to any food sold at a certified farmers' market, field retail stand, or farm stand, as defined by Sections 47004, 47030, and 47050 of the Food and Agricultural Code.
- 110809.2. (a) A person engaged in business as a manufacturer or retailer of products who in good faith sells, offers for sale, labels, or advertises any product in reliance on the representations of a farmer, producer, or supplier that the product is not entirely or partially produced with genetic engineering, shall not be found to have violated this article unless the manufacturer or retailer knew or should have known that the product was entirely or partially produced with genetic engineering.
- (b) A farmer, producer, or supplier who is not a retailer or manufacturer is not liable for a violation of this article.
- (c) It shall not be a violation of this article for failure to label any of the following:
- 37 (1) Packaged food in which the materials produced through 38 genetic engineering account for nine-tenths of 1 percent or less of 39 the total weight.

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1 (2) Food produced without knowledge or intent to use genetic 2 engineering.

- (3) An alcoholic beverage that is subject to the Alcoholic 4 Beverage Control Act, set forth in Division 9 (commencing with Section 23000) of the Business and Professions Code.
- (4) Food sold at a certified farmers' market, field retail stand, 7 or farm stand, as defined by Sections 47004, 47030, and 47050 of 8 the Food and Agricultural Code.
 - (d) Food is produced without knowledge or intent to use genetic engineering under either of the following conditions:
 - (1) The food is lawfully certified to be labeled, marketed, and offered for sale as "organic" pursuant to the federal Organic Foods Production Act of 1990 (7 U.S.C. Sec. 6501 et seq.).
 - (2) (A) An independent organization has determined that the food was produced without knowledge or intent to use genetic engineering and has been segregated from, and not knowingly or intentionally commingled with, foods that may have been genetically engineered.
 - (B) The determination has been made pursuant to a sampling and testing procedure (i) consistent with sampling and testing principles recommended by internationally recognized standards organizations and (ii) which does not rely on testing processed foods in which no DNA is detectable.
 - (c) The department shall adopt and enforce regulations necessary to implement this article.
 - 110810. This article shall become operative on January 1, 2016. SEC. 5. Section 111910 of the Health and Safety Code is amended to read:
 - 111910. (a) Notwithstanding the provisions of Section 111900 or any other provision of law, any person may bring an action in superior court pursuant to this section and the court shall have jurisdiction upon hearing and for cause shown, to grant a temporary or permanent injunction restraining any person from violating any provision of Article 6.6 (commencing with Section 110808) or Article 7 (commencing with Section 110810) of Chapter 5. Any proceeding under this section shall conform to the requirements of Chapter 3 (commencing with Section 525) of Title 7 of Part 2 of the Code of Civil Procedure, except that the person shall not be required to allege facts necessary to show, or tending to show, lack of adequate remedy at law, or to show, or tending to show,

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irreparable damage or loss, or to show, or tending to show, unique or special individual injury or damages.

- (b) In addition to the injunctive relief provided in subdivision (a), the court may award to that person, organization, or entity reasonable attorney's fees as determined by the court.
- (c) This section shall not be construed to limit or alter the powers of the department and its authorized agents to bring an action to enforce this chapter pursuant to Section 111900 or any other provision of law.

SEC. 6.

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SEC. 5. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 7.

- 15 16 SEC. 6. No reimbursement is required by this act pursuant to 17 Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school 18 district will be incurred because this act creates a new crime or 19 20 infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of 21 the Government Code, or changes the definition of a crime within 22 23 the meaning of Section 6 of Article XIII B of the California
- 24 Constitution.