

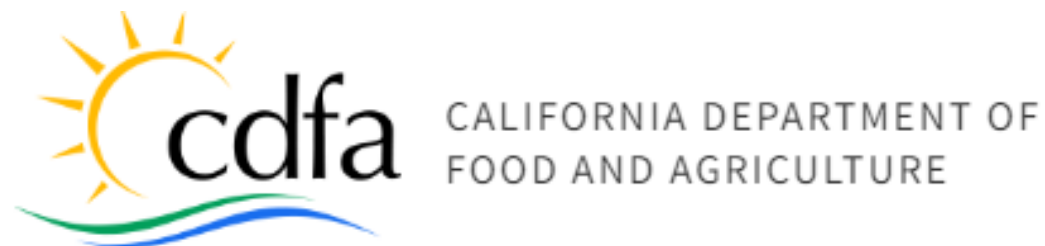


Who We Feed and The Commodities & By-Products We Use in California

Matt Creighton, JD Heiskell & Co.

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Peter Hanlon, Hanlon Trading



Meeting California's Feed Needs

Agricultural Recycling Solutions

Commodity & By-Product Consumers

- Dairy & Beef Cattle
- Poultry
- Swine
- Goats
- Horses
- Buffalo
- Fish
- Pets
- Soldier Fly

Animal Nutritional Needs

- Protein
 - Fiber
 - Fat
 - Energy
 - Moisture
-
- How does Agricultural Recycling play a role?

What is Agricultural Recycling?

- Up-Cycling a Co-Product or By-Product for a more productive use then is currently occurring in the marketplace
- Agricultural Recycling can be broken down into these categories:
 - Agricultural Co/By-Products
 - Food Diversion
 - Food Co/By-Products
 - Industrial Co/By-Products
 - Other Co/By-Products

California Agricultural Co/By-Products

- Yearly estimated volume = 12,400,000 tons
- Grain & Rice Milling
- Nut Crops & Co/By-Products
- Cottonseed Co/By-Products
- Sunflower Co/By-products
- Safflower Co/By-products



California Food Diversion

- Yearly estimated volume = 7,400,000 tons
- Dried Bakery & Cereal goods
- Cull Fruits & Pits
- Cull Vegetables



California Food Co/Byproducts

- Yearly estimated volume = 3,200,000 tons
- Wine & Juice Co/By-Products
- Brewery Co/By-Products
- Olive Co/By-Products
- Tomato Processing Co/By-Products
- Sugar Processing/Production
- Milk & Cheese Co/By-Products



California Industrial Co/By-Products

- Yearly estimated volume = 4,500,000 tons
- Ethanol Production & Co/By-Products
- Fat & Vegetable Oil Production Co/By-Products



How Does Agricultural Recycling Work?

- Where would these Co/By-Products go without us?
 - Compost
 - Landfill
 - Spread out in Fields & Hillsides
- Where do these Co/By-Products go as a result of us?
 - Poultry, Pork, Beef & Dairy Feed
 - Bedding, Road Base, Fireplace Logs, Fertilizer
 - Abrasives, Makeup, Alcohol, etc..

Why Does Ag Recycling Work in California?

- California is uniquely qualified to maximize the benefits
 - CA produces a wide variety of Co/By-Products
 - CA has the animal population to consume the Co/By-Products
 - CA has the infrastructure in place to move these products
 - Processing facilities have been built to handle the goods
 - Businesses have developed around the industry
- Agriculture operates on thin margins
 - Incentive to maximize every aspect of the Good, for the Good

Benefits of Agricultural Recycling

- Processors
 - More profitable
 - Lower costs for consumers
- Better use of the product
 - Feed that is recycled does not have to be grown
 - Lower carbon footprint/ESG
 - Reduces landfill waste
- Supports CA Jobs & Industry

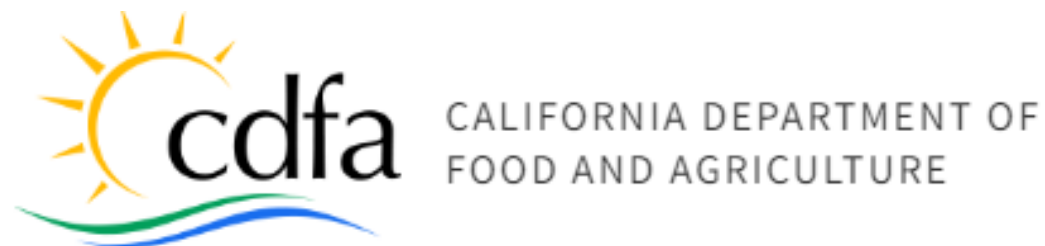


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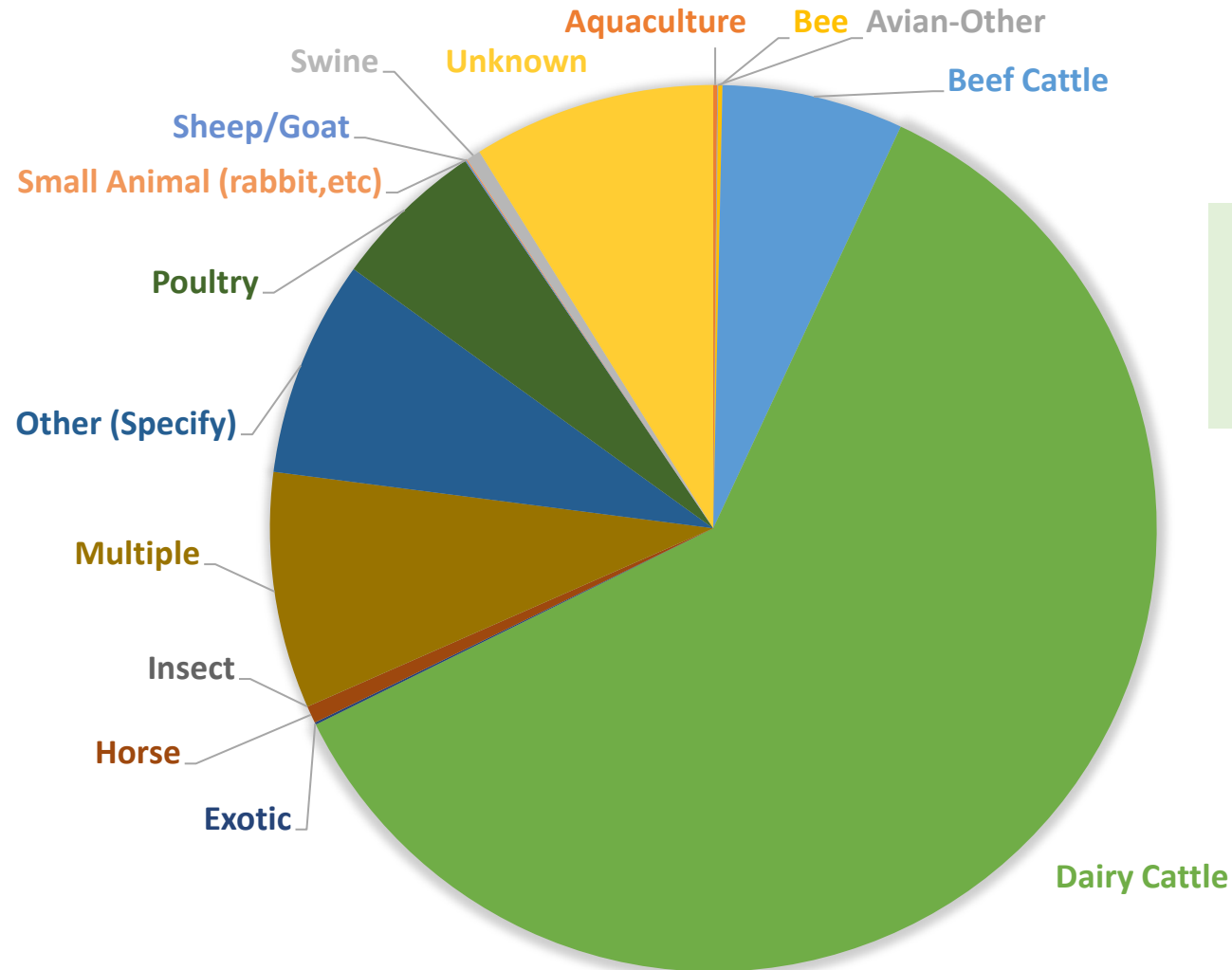
Jenna Leal, Cathryn McCandless, KC Gutenberger, CA Dept. Food & Ag

Peter Hanlon, Hanlon Trading



Who: Tonnage Reported by Intended Species

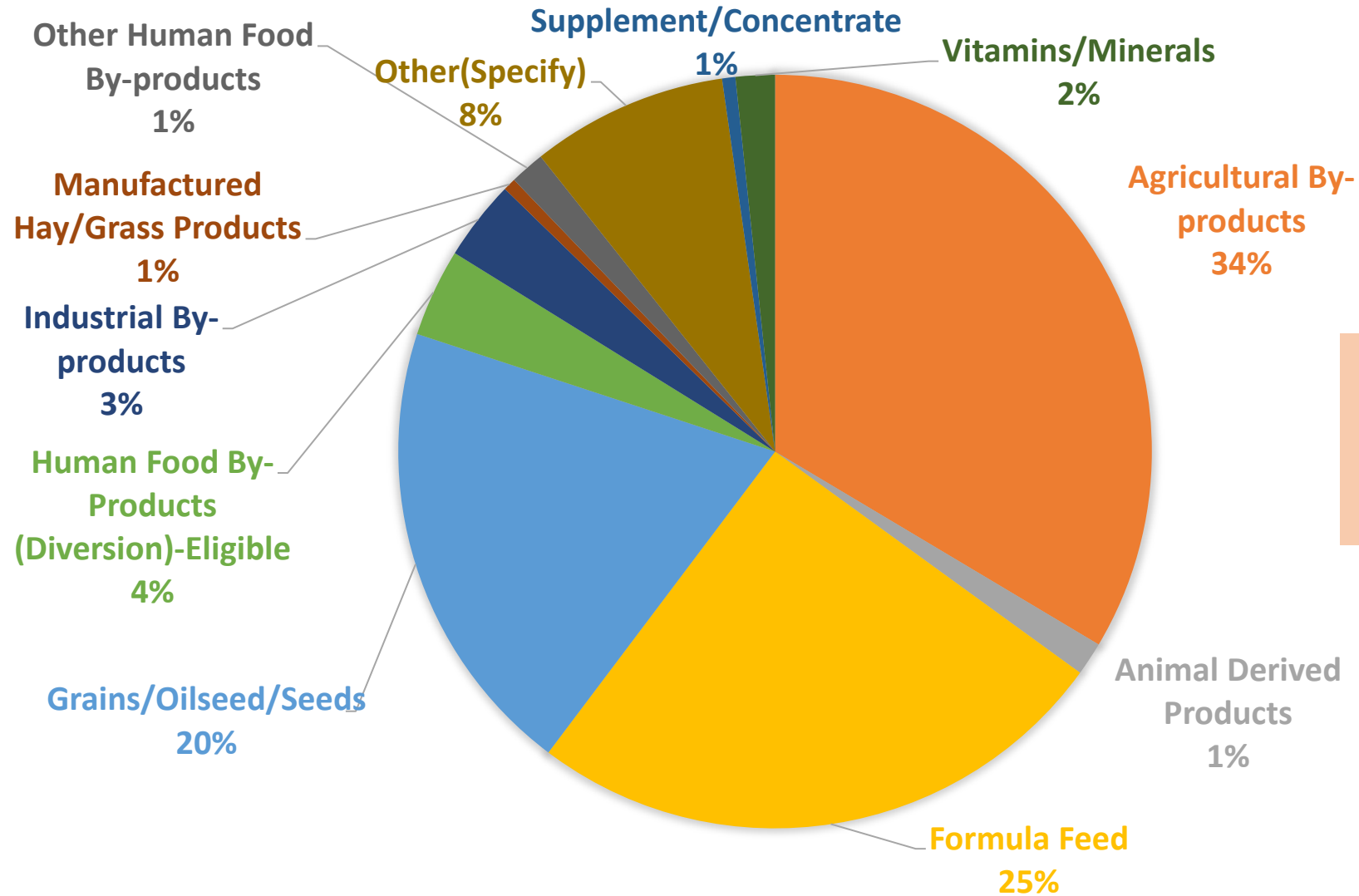
October 1, 2021- September 30, 2022



Dairy Cattle (61%)
14,283,501 tons
annually

Total Tonnage Reported: 23,514,789 Tons

October 1, 2021- September 30, 2022



**All By-Product Types:
10,276,110 tons annual
(43%)**



Top By-Products Tonnage Reported

*October 1,
2021-
September
20, 2022*

Canola Meal: 1,939,299

Almond Hulls: 1,074,144

Almond Hull & Shell: 542,579

Corn By-products: 869,184

Whole Cottonseed: 900,872

Dried Distillers Grains: 521,490

Cottonseed By-Products: 511,951

2022 New CA Regulations for By-Products



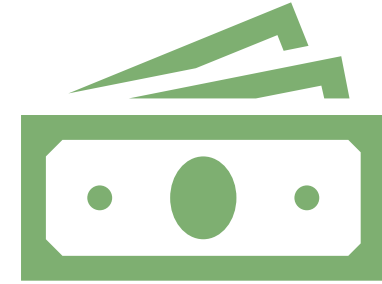
Safety And
Handling
Requirements



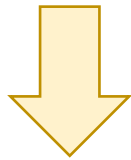
Definitions



Reduced
Tonnage Tax



Reduced
License Fee



All By-Products



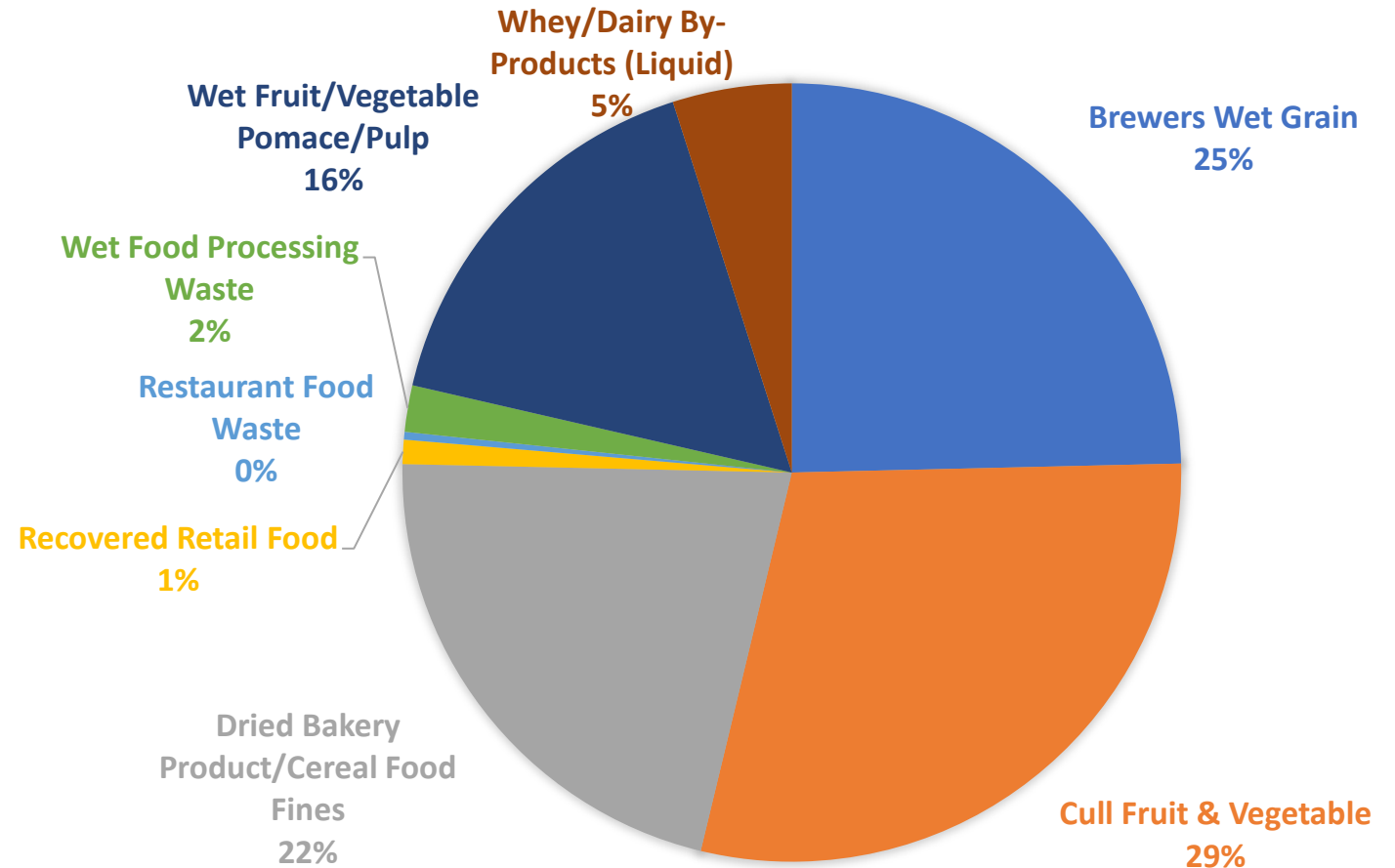
California Code of Regulations
Section 2804 defines specific
by-products which are eligible.

Human Food By-product Diversion Tonnage: 887,845 Tons

October 1, 2021- September 30, 2022

Eligible for reduced tonnage tax of \$0 for the first 1,000 tons and then \$0.05/ton.

Any firm solely diverting eligible products without further manufacturing is eligible for reduced license fee of \$100.



Tonnage Tax Reporting in ExtraView

- 11 Feed Types & 50 Feed Categories
- Report Tonnage by Species Intended
- Not all are accurately reporting

–Tonnage Tax (Enter Values In Tons)

***Disclaimer:** A new entry is required for each different type of feed and intended species. To add another entry, click the "Add Another Row" button. [Tonnage Reporting Guide](#)

Check to Delete Row	Feed Type	Feed Category	Species Intended	Tonnage (report in Tons)
<input type="checkbox"/>	Agricultural By-products	* None *	* None *	
Add another Row				

–Tonnage Tax Total

Regular Tonnage Tax Tons		Fee/Rate 0.10	Fee Due Regular Tons	
Human Food By-Products (Diversion) Tons		Version) 0.05	Fee Due Diversion	
Total Tons				

* None *

Almond Hulls

Almond Hulls & Shell

Canola Meal

Corn By-Product

Cottonseed By-products

Dried Beet Pulp

Grain Screenings

Olive Meal

Other (Agricultural By Products)

Rice Bran

Soybean By-products

Soybean Meal

Voluntary Reporting of By-products (Organic Waste)

- No tonnage reported in this section October 1, 2021-September 20, 2022.
- Guidance available in ExtraView.
- Voluntarily report tonnage which is NOT subject to any tonnage tax but is otherwise diverted to animal feed.

