

VDACS Legislative and Policy Updates 2023



Joe Guthrie, Commissioner, VDACS
VACo Region 12 Meeting, Pulaski County
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Virginia Agriculture Economic Impact



- Agriculture is Virginia's largest private industry
- Economic impact of **\$82 billion** annually
- Provides over **380,000** jobs

- Ag and forestry total of **\$106 billion** impact and over **490,000** jobs.

- Every job in ag and forestry supports 1.7 jobs elsewhere in the Virginia economy

- Record value **\$5 Billion** in ag & forestry exports in 2022
 - Exceeded previous record from 2021 by over \$1 Billion (25%)

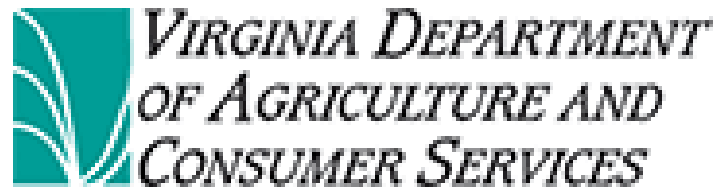


ABOUT VDACS



Established in 1877, the Virginia Department of Agriculture and Consumer Services (VDACS) promotes the economic growth and development of Virginia agriculture, provides consumer protection and encourages environmental stewardship.

The agency is headquartered in Richmond and has several field offices, four regional diagnostic animal health laboratories and a global network of representatives promoting Virginia products internationally.

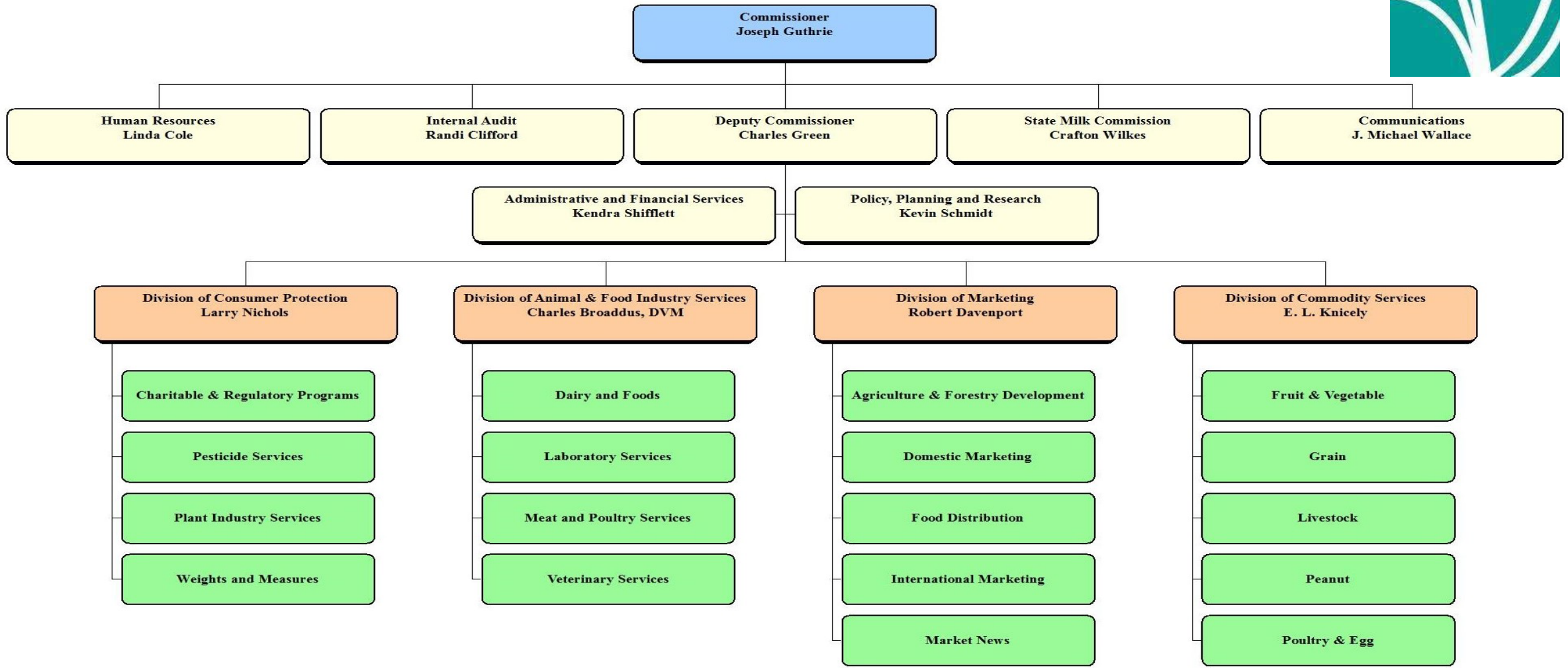


5 Words to Describe the Work of VDACS



- **Productive**: Helping farms and agricultural businesses produce more goods that people need every day
- **Profitable**: Helping farms and agricultural businesses survive and thrive financially, through marketing and other efforts
- **Sustainable**: Protecting and enhancing our precious natural resources
- **Safe**: Providing consumers with products with an assurance of safety
- **Secure**: Fighting food insecurity for those people and communities where it is a challenge

Virginia Department of Agriculture and Consumer Services



<https://www.vdacs.virginia.gov/about-organization-chart.shtml>

2023 General Assembly Session



- Short Session: 45 days in odd years
- Long Session: 60 days in even years

- Budget is biennial and approved in Long Sessions.
 - Often takes a Special Session to complete
 - Only amendments to budget occur in Short Session

- Two Chambers:
 - House of Delegates: 100 members. Currently 52-48 majority Republican
 - Senate: 40 members. Currently 22-18 majority Democrat

- Statewide Offices:
 - Governor, Lt. Governor, and Attorney General. All currently Republican

2023 GA Session: Where to from here?



- All 140 seats in both the House of Delegates and Senate are up for re-election in November
- Redistricting of all 140 seats following the 2020 census
 - First time by Judicial not Legislative to limit Gerrymandering
 - Substantial changes to districts
 - Many incumbents have been redistricted with each other
 - Those of same party might primary each other
 - Legislators cannot do fundraising during Session, so kept it brief
 - Biennial budget passed last year is still in effect
 - With surplus funds there is desire bipartisan to enact amendments, but not agreement by parties on how to do so
 - Do not expect changes in budget at least until after primaries in mid-June

Some Key Issues In Ag in 2023



1. Hemp/Cannabis regulation and enforcement
2. Foreign Government ownership of farmland
3. Proposed Virginia Beer Distribution Company
4. Budget Amendment for additional AFID funding and research
5. Blue catfish processing fund (similar to AFID)

1. Hemp/Cannabis Regulation: How we got here



- Several areas of questionable legality surround marijuana, THC, and hemp
- Medical use through dispensaries regulated by Cannabis Control Authority
- Growth, possession of small marijuana amounts decriminalized, but not sales
 - Undecided by 2021 Session. 2022 Session changed party in House & Gov.
- Cannabinoids (CBD) derived from hemp and in many products, like edibles
 - Many are non-intoxicating, and some are intoxicating
 - Some are derived naturally from hemp, others synthesized (Delta-8)
 - Synthesized hemp-derived products are a gray area of legality:
 - They are above the legal limit of THC (0.3), but are not Delta 9 THC, which is the Federal definition of marijuana

Current Delta 8 Enforcement: Food & Drink Law



- Since July 1, 2022, VDACS has enforced Virginia Food & Drink Law to regard Delta 8 as an adulterant in food and beverages
- Delta 8 occurs in trace quantities naturally but is synthesized with acid to intoxicating levels
- There is no approved source or manufacturing process for Delta 8 in Virginia
- An additive from an unapproved source is an adulterant of a food or beverage
- Adulterated products are not legal to be sold
- VDACS inspectors at food retail outlets will ask for voluntary removal of D-8 products, and usually receive it
- Prosecution by local law enforcement could follow non-compliance

Current D-8 Enforcement: Consumer Protection Act



- Many Delta 8 products are marketed as copycats to well-known non-intoxicating products
- These are clearly violations of trademark and copyright laws
- Some are targeted at children with shapes and colors attractive to kids
- These are all violations of the Virginia Consumer Protection Act (CPA)
- The CPA is enforced by the Office of the Attorney General (OAG), not VDACS
- If VDACS inspectors see a violation of CPA, they contact OAG

2023 Hemp/Cannabis Law Change Highlights



- VDACS has enforcement with 15 FTE's awaiting budget agreement
- Includes ALL forms of THC, not just Delta 9. Prohibits synthetic derivatives of THC
 - Ends the gray area of legality for Delta 8
- Prohibits advertising of illegal products (like Delta 8)
- Food Permit (\$40) and Hemp Permit (\$1,000) required to sell hemp/CBD food or inhalables
- Edible and inhalable hemp-derived products must be less than 0.3% THC, and less than 2% THC or no more than 1 part THC to 25 parts CBD.
- Establishes labeling requirements
- Penalties up to \$10,000 per violation per day
- Effective when Commissioner certifies registration process is established (Fall?)
- Communications will be sent to manufacturers and retail outlets prior to July 1

2. Foreign Government Ownership of Farmland



- Gov. Youngkin has expressed concern over ownership of farmland by unfriendly foreign governments, especially the Chinese Communist Party
- The Governor has noted China's Communist Party leadership taking actions that are concerning to US security interests
- Virginia has many military and other governmental installations surrounded by privately-owned farmland
- This legislation provides for registration of foreign-owned farmland, an annual report of it, and a ban on ownership of farmland by a foreign government
- Does not prohibit ownership by a foreign person or corporation, only a government

3. Beer Distribution Based on Wine Distribution



- The Virginia Winery Distribution Company (VWDC), administered by VDACS, allows small wineries to distribute wine made from Virginia grapes
- VWDC has been very successful in helping to grow Virginia's wine industry
- Seeing success of the VWDC, the Virginia Craft Brewers Guild (VCBG) got legislation passed in 2022 for a work group to study adding beer to VWDC
- Quickly found for many reasons it is impractical to add beer to the VWDC
- Work group turned attention to form a separate company to distribute beer
- There were some areas of consensus, but several points with no agreement

3. Virginia Beer Distribution Company



- Legislation answers undecided items and forms VBDC with the following:
 - Administered by VDACS mirroring VWDC in composition
 - Fees and rules set by a board of 5 representing brewers, distributors, and Commissioner
 - \$750,000 for start-up software, etc. and FTE awaiting budget
 - Most or all cost paid for by brewers through service fees
 - Annual limit by a brewery of 500 barrels = 1,000 kegs = 15,000 gallons
 - No Virginia agricultural input use requirement
 - Expected to begin operation July 2024 if budgeted this year

4. Budget Amendment for additional AFID funding



- The Governor's Agriculture and Forestry Industries Development Fund (AFID)
- Incentivizes ag and forestry value-added businesses that commit to investment, job creation, and use of Virginia ag and forestry products
- AFID funds up to \$250,000 from Governor's office is matched by the locality
- VDACS administers the grant and Performance Agreements
- AFID has been successful in growing many businesses and adding value to Va. ag. products since it began 10 years ago
- Gov. Youngkin proposed a budget amendment to double the funding for AFID to \$2.5 million annually
- The Governor specifically wants to increase funding to attract and grow the Controlled Environment Agriculture industry in Virginia

AFID: 1 Fund, 3 Programs



- [AFID Facility Grants:](#) Large grants (up to \$500K) to incentivize new and expanding companies. Similar to Commonwealth Opportunity Fund (COF) grants but only eligibility criteria is adding value to Virginia grown products
- [AFID Planning Grants:](#) Small grants (\$20K or \$35K) for local initiatives supporting Ag & Forestry industry (soft costs).
- [AFID Infrastructure Grants:](#) Grants up to \$50K **reimbursable** for equipment and infrastructure to support local food and farming systems (hard costs).
- All grants require local government to apply and provide matching funds

4. Budget Amendment for AFID (continued)



- Controlled Environment Agriculture (CEA) is a burgeoning field
- Includes all indoor ag: greenhouses, vertical grow, and hybrids of them
- Gov. Youngkin wants to make Virginia the national leader in CEA
- Virginia's location near 200 million Americans is a prime place for CEA
- Announced 3 large AFID grants to CEA in 2022
- These are large projects, that could deplete availability of AFID for other sectors of ag and forestry, so need for more funding
- Not all of increase necessarily goes to CEA, but could if needed
- Mostly crops we don't grow in VA- lettuce, berries - that we currently import from Mexico or California



4. Budget Amendment for CEA Research



- In addition to AFID Grant funding increase, the Governor has a proposed budget amendment to add \$1 Million for CEA research
- Details are still being worked through, but there are research institutes that could receive funding to do research specific to CEA

5. AFID-type funding for Blue Catfish Processing



- Stocked in rivers decades ago, blue catfish are a prized game fish and great tasting
- Overly prolific and now threaten other species including blue crabs
- To reduce population, state allows electro-fishing, which affects only the blue catfish
- Now a need for processing facility to create a commercial industry
- A new law will create an AFID-type grant specific to blue catfish processing company
- Removes the local match to make the grant more attractive to lower income counties on the Chesapeake Bay



5. Funding for Blue Catfish Processing: Update



- HB 1664 (Hodges) Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program created. Companion bill SB 897 (Stuart)
- House: Yes: 92 No: 8
- Senate: Yes: 39 No: 1
- The bill amends the AFID Fund Law to authorize the Governor to award grants from the AFID Fund for the Blue Catfish Processing, Flash Freezing, and Infrastructure Grant Program. The funds shall be awarded as reimbursable grants of no more than \$250,000 per grant to localities to support blue catfish processing, flash freezing, and infrastructure.
- The bill directs the Secretary of Agriculture and Forestry to develop guidelines for the program and administer the program on behalf of the Governor. The bill establishes certain provisions the guidelines must include.
- First AFID grants specific to one industry. Might not be the last.
- Funding pending a budget agreement

Other Issues in Ag in 2023: **Update**



- Farm Use placards: **Passed**
- Dairy Margin Coverage Premium reimbursement fund: **Passed**
- Cattle Assessment checkoff renewal: **Passed**
- Numerous animal welfare bills (mostly dogs and cats but elephants too):
 - **Mixed** results. Elephant bill died.
- Aerial spraying of pesticides: **Failed. Pulled by patron**
- Increased funding for Best Management Practices, especially to help meet Chesapeake Bay goals: **Included in approved budget amendments for both chambers. Awaiting budget agreement**

Some Other VDACS Initiatives:



- **Strengthening Animal Health Lab System**

- ALL 4 labs will remain open.
- Capital improvement project for 3 beginning and new equipment for other (Wytheville)
- Attained NAHLN Level 1 status (highest status)
- Signed MOU for field necropsies of livestock in westernmost Virginia counties with Lincoln Memorial University in Lee County

- **Pesticide Registration**

- New online system to provide Registered Technicians with Authorization to Test in 1 day.
 - Had taken up to 30.
- 24/7 online testing now available in addition to testing at DMV.
- Spanish language test available
- New online system for Certified Applicators coming soon

Some Risks and Concerns



◦ Animal Health Risks

- **Highly Pathogenic Avian Influenza** – Remaining vigilant against outbreaks in backyard and commercial flocks. Only two commercial flocks in Virginia so far
- **African Swine Fever** – In Caribbean

◦ Invasive Species

- **Spotted Lanternfly** – quarantine area established, and may need to expand
- **Spongy Moth** (was Gypsy Moth) – Slow the Spread
- **Fire Ants**- Moving north and west as far as climate will allow
- **Emerald Ash Borer** – beetle has killed or will kill nearly all ash trees
- **Blue Catfish** – 75% of biomass of some parts of Chesapeake Bay tributaries

◦ Endangered Species

- **Northern Long-Eared Bat** – is dying out due to a virus that causes white nose syndrome
 - Up to 100% of bats may die in the next few years
 - Logging could be sharply curtailed in forests bat inhabits in 37 states including Virginia
 - USFWS have offered little guidance.
 - DWR and VDoF are seeking guidance for loggers, timber buyers, and landowners

Tomorrow is Star Wars Day: **May the 4th Be With You**



Consider the importance of farmers in the galaxy:

*Vapor farming is a vital activity on desert worlds with two suns, like Tatooine. One of the most famous farmers of the galaxy, **Luke Skywalker**, was a farm boy who rose from these humble beginnings to become the greatest Jedi the galaxy has ever known.*