

Frequently Asked Questions

The purpose of this document is to inform prospective applicants and third-party certifiers about the participation requirements and GO-Biz's process for administering the CA Made state labeling program. To assist in navigating this information, questions and answers have been divided into the following categories:

- Program Participation
- Application Process
- Label Usage/Enforcement

The answers are based on the statutes referenced herein and the program's final adopted regulations.

Program Participation Questions

1. What are the benefits of CA Made?

Answer: As a participant in the program, you will receive the following benefits:

- Access to the CA Made logo for marketing purposes.
- Listing on the CA Made website, including photos, product description and a business biography for website listing.
- Promotion of your product(s) highlighted on the CA Made website and any other CA Made marketing materials developed or approved by GO-Biz.

2. How do I qualify?

Answer: To be eligible for the CA Made label, a product must satisfy the following:

- Meet the requirements for a "Made in U.S.A." label according to <u>Business and Professions Code section</u> 17533.7 et seq.
- Meet the requirements for being "substantially made" in California in accordance with <u>California Government Code section 12098.10 et seq</u>. For the purposes of the program, "substantially made" means completing an act that adds at least 51 percent of a final product's wholesale value by manufacture assembly, fabrication, or production to create a final, recognizable product. This does not include the act of packaging a product.
- Not be an agricultural product subject to the CA Grown program.
- Obtain a certification from a <u>third-party certifier</u> that confirms that the product meets the program's requirements stated above.
- Pay an annual fee as required in the program's regulations. The annual fee ranges from \$100 to \$150, depending on the number of products in anapplication.

3. What does it mean to be "Made in U.S.A." according to <u>Business and Professions Code section 17533.7 et seq.?</u>

Answer: Since 1961, California statute has had its own legal definition for products that claim to be Made in U.S.A., and is the only state in the nation to have its own Made in U.S.A standard. Previous state law prohibited the sale or offering of sale in the state of any merchandise on which merchandise or on its container appeared the words "Made in the U.S.A.," "Made in America," "U.S.A.," when the merchandise or any article, unit or part

thereof was entirely or substantially made, manufactured or produced outside of the United States. This standard was amended on September 1, 2015 in <u>Senate Bill 633</u> to include an exemption to this prohibition for the following scenarios:

- Merchandise that is made, manufactured or produced in the United States if either the merchandise has
 one or more articles, units or parts from outside the United States if they do not constitute more than
 5% of the final wholesale value of the product.
- The manufacturer makes a specified showing regarding the articles, units or parts from outside the United States and they do not constitute more than 10% of the final wholesale value of the product.

The California standard is more stringent than the federal Made in U.S.A standard administered by the U.S. Federal Trade Commission (FTC). In 1997, the FTC adopted an "all or virtually all" standard for determining if a product could be considered Made in U.S.A. The FTC does not specify a certain percentage of domestic origin for compliance with the federal standard.

4. What types of products can be in the program?

Answer: All manufactured products are eligible for the program, except food and other agricultural products that could qualify for the CA Grown label. For information on products eligible under CA Grown, please consult the following link: http://www.CaliforniaGrown.org. For products with recycled materials, the origin of the recycled materials may be based on the location where those materials were produced (i.e., California, another state, or in another country). Ultimately, it is the third-party certifier's responsibility to make this determination based on their certification methodology.

5. How do I know if my product's components meet the program's requirements?

Answer: GO-Biz recommends contacting a third-party certifier to determine if your product's components meet the program's requirements. Additionally, please carefully consider the following questions when deciding if your product meets the program's requirements:

- Is the product "substantially made" by an individual located in California? To provide guidance in answering this question, GO-Biz has provided an <u>optional formula</u> for applicants and third-party certifiers.
- Can the finished product lawfully use the "Made in U.S.A" label and not violate <u>Business and Professions</u> Code section 17533.7 et seq.?
- Is the product eligible for CA Grown? If yes, the product is not eligible for the CA Madelabel.

6. How do I find a third-party certifier?

Answer: According to <u>California Government Code section 12098.10 et seq.</u>, a qualified third-party certifier is an "individual, group, or association that possesses a professional license, certification, or other equivalent documentation indicating sufficient training, education, or expertise to perform a regulatory compliance audit." In addition, the regulations require that a third-party certifier be legally and financially separate from the applicant, familiar with the product(s) being certified and legally authorized to do business in California. Third-party certifiers may charge applicants a fee based on the time and effort required to certify a product.

Depending on your product and industry, you may want to contact a certified public accountant, attorney, industry association and/or supply chain specialist, among other certification bodies. GO-Biz does not approve, select, endorse, recommend, or provide oversight of third-party certifiers.

To obtain the required product certification, applicants will provide a third-party certifier with the <u>CA Made Third-Party Certification Form</u> to complete and sign. The applicant will upload the completed and signed CA Made Third-Party Certification Form to their application before submitting it via the website.

7. I meet the third-party qualifications in the statute and regulations. How can I become a third-party certifier? Answer: Any qualified group or individual may become a third-party certifier under the program. It is a third-party certifier's responsibility to ensure their compliance with the program's statute and regulations. GO-Biz does not approve, select, endorse, recommend, or provide oversight of third-party certifiers.

Third-party certifiers will develop a methodology for conducting certifications based on the types of products they plan to certify. Third-party certifiers may determine whether a product satisfies the program's requirements by reviewing the following materials from the applicant: approved budgets, invoices, and any other documents, computerized data, and other writings, whether handwritten, typewritten, printed, copied, or electronically stored to verify the origin of materials in California or the United States. This list is not a prescriptive or exhaustive list of the materials a third-party certifier must rely upon.

Third-party certifiers will determine whether the product(s) in an application meet the definitions of "Made in U.S.A." and "substantially made" in California as set forth in the Program. Section 8120 (c) of the regulations provides an optional formula to determine if a product is "substantially made." After making these determinations, the third-party certifier will complete and sign the CA Made Third-Party Certification Form for the applicant. The applicant will submit the CA Made Third-Party Certification Form to GO-Biz electronically by uploading a scanned copy of the signed Third-Party Certification Form to his/her application on the CA Made website.

Third-party certifiers may charge applicants a fee based on the time and effort required to certify a product.

8. How do I apply?

Answer: Applications will be accepted on a rolling basis via a password-protected website, where applicants will be able to create an account profile and establish a login and password on the designated website. Applicants will be asked to identify the product(s) for which he/she is seeking the CA Made label, categories the product falls under, a brief description of the product(s), and a business biography for the website listing (a business website is required to participate in the program). Additionally, applicants are required to upload a signed CA Made Third-Party Certification Form and a picture of their product(s). GO-Biz may ask an applicant to provide supplemental information that substantiates the information provided in the application.

GO-Biz will review, finalize and execute licensing agreements at the beginning of each quarter.

9. How much does it cost to join the program?

Answer: Upon application approval, GO-Biz shall assess a fee on all licensees. The fee shall be determined for each licensee based on the number of products that are included in an approved application. The fee shall be one hundred dollars (\$100.00) for the first product in an approved application and twenty-five dollars (\$25.00) for each additional product not to exceed a total of one hundred and fifty dollars (\$150.00) from a single approved application.

The fee will be imposed on an annual basis, commencing on the date when an application is approved and on the same date each following year while the license remains valid.

In addition, third-party certifiers may charge a fee, which is determined by them based on the time and effort required to provide certification for a product.

10. Does membership in the program expire?

Answer: Licensing agreements between GO-Biz and the licensee expire after three years. Once the licensing agreement expires, the license becomes invalid. In order to renew a license, an applicant must submit a new application.

11. What is the difference between CA Grown and CA Made?

Answer: CA Made is a state labeling program that encourages consumer product awareness and promotes the purchase of products manufactured in California. In order for a business to use the CA Made label on its products, the law requires the product be "Made in U.S.A." as defined in section 17533.7 of the Business and Professions Code. In addition, 51 percent or more of the value added must be produced in California. To verify compliance with these requirements, businesses must obtain third-party certification prior to using the CA Made label. Any food or other agricultural products subject to the CA Grown program are excluded from the CA Made program.

The "Buy California Program" was created within the Department of Food and Agriculture for purposes of encouraging consumer nutritional and food awareness and to foster purchases of high-quality California agricultural products. The "California Grown" label was created for the Buy California Program and provides farmers an opportunity to participate in marketing campaigns promoting California products. California Grown focuses on agricultural products (generic and branded) that meet the standards contained in Food and Agricultural Code section 43100 (produced in California or harvested in its surface or coastal waters). For further information regarding California Grown please visit www.CaliforniaGrown.org.

Application Process

12. What factors will GO-Biz consider when reviewing applications for the CA Made label?

Answer: GO-Biz will evaluate applications to determine if the product has met the program's requirements and will review applications for completeness. An application may be rejected if the applicant has not demonstrated the ability to comply with the requirements of the program or achieve the purposes of the program. If an application is rejected, GO-Biz shall inform the applicant of the rejection by email and the applicant's right to reapply for the license.

13. Can I withdraw or edit my application if I already submitted it online?

Answer: GO-Biz provides applicants the opportunity to revise or withdraw an application at any time on the website prior to the execution of a licensing agreement. If the licensing agreement has already been executed, the licensee has up to 30 days to report any updates regarding the application to GO-Biz.

14. If my application is denied, can I reapply?

Answer: Applicants are not able to appeal the process, but they have the right to reapply for the license.

15. After I submit the application, when will I be notified if I was selected to participate in the program? Answer: Applications are accepted by GO-Biz on a rolling basis. GO-Biz will review, finalize and execute licensing agreements at the beginning of each quarter.

Label Usage/Enforcement

16. How is the CA Made label provided to licensees?

Answer: Once the annual fee is paid and the licensing agreement is fully executed, the licensee will receive an email containing the logo in black/white and white/black as .png and .eps files. A .jpg file of the black/white logo will also be provided.



17. How can I use the CA Made label (i.e., are there usage restrictions)?

Answer: The CA Made label may be used by licensees for certified products pursuant to the rights and limitations as described in the licensing agreement between GO-Biz and the licensee. The licensing agreement outlines allowable uses of the product on product containers, point-of-purchase or other displays, and in advertising.

The CA Made label cannot be incorporated into any business, company or product logo or label and cannot be its own mark or the exclusive representation of the product. If a licensee's particular use of the CA Made label is inconsistent with the licensing agreement, GO-Biz may terminate the licensing agreement or require the licensee to discontinue that particular use of the CA Made label.

18. May I alter or modify the CA Made label?

Answer: No. The CA Made label usage rights and limitations are provided in the licensing agreement between GO-Biz and the licensee.

19. Is CA Made enforced by GO-Biz?

Answer: GO-Biz is not responsible for verifying product compliance or applicant and third-party certifier compliance. However, a business that does not follow the requirements could become subject to a lawsuit by a third-party if their product is making unlawful claims through their use of the label.