

AMENDED IN SENATE MARCH 29, 2011

**SENATE BILL**

**No. 237**

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**Introduced by Senator Wolk**

February 9, 2011

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An act to add Part 9 (commencing with Section 38700) to Division 25.5 of the Health and Safety Code, relating to greenhouse gas emissions.

LEGISLATIVE COUNSEL'S DIGEST

SB 237, as amended, Wolk. California Global Warming Solutions Act of 2006: agriculture.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The state board is authorized to adopt market-based compliance mechanisms, as defined, meeting specified requirements to be used for compliance with those regulations.

~~This bill would provide that an unspecified percentage of funds generated from the state sale of emission allowances for market-based compliance mechanisms adopted pursuant to the act and funds from federal global warming programs shall be made available, upon appropriation by the Legislature, to fund activities that will reduce greenhouse gas emissions, or adapt to global warming, in the state's agricultural sector~~ *establish eligible uses of funds allocated to the*

*agricultural sector from revenue generated from market-based compliance mechanisms for the reduction of emissions of greenhouse gases pursuant to the act.* The bill would require an unspecified agency to administer these funds for a specified grant program. The bill would provide for the creation of the California Agricultural Climate Benefits Advisory Committee to assist in the implementation of these requirements, as provided.

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

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

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) California agriculture is a \$35 billion per year industry, one  
4 of the state's largest and most significant industries. California  
5 agriculture supplies 90 percent of the nation's almonds, apricots,  
6 raisins, olives, pistachios, walnuts, and wine grapes, ~~and~~ more than  
7 one-half of the country's fruit and vegetables, *and is the leading*  
8 *producer of dairy products.*

9 (2) Dependent on land and natural resources, California  
10 agriculture is uniquely vulnerable to global warming. Global  
11 warming poses a serious threat to California agriculture with rising  
12 temperatures, constrained water resources, increases in extreme  
13 weather events, reduced winter chilling hours, and rising sea levels.

14 (3) California agriculture is also uniquely positioned to provide  
15 climate benefits by reducing greenhouse gas emissions. Research  
16 funded by the California Energy Commission's Public Interest  
17 Energy Research (PIER) program suggests that some agricultural  
18 practices will not only reduce greenhouse gas emissions, but they  
19 may also help to sequester atmospheric carbon in the soil.  
20 Atmospheric carbon sequestration is an important strategy to help  
21 meet the state's greenhouse gas emissions targets.

22 (4) To reduce California agriculture's vulnerability to global  
23 warming, the industry will have to adapt to changing weather  
24 patterns and conditions. As summarized in the 2009 California  
25 Climate Change Adaptation Strategy, California will need to  
26 employ a diversity of strategies to support an ongoing robust  
27 agricultural industry, including farmland protection, increased

1 biodiversity, new crop varieties, and on-farm conservation  
2 measures.

3 (5) Steps taken by California agriculture to reduce greenhouse  
4 gas emissions, sequester atmospheric carbon, and adapt to global  
5 warming can provide other important environmental cobenefits,  
6 such as improved air and water quality, water conservation, and  
7 enhanced wildlife habitat.

8 (b) It is therefore the intent of the Legislature to enhance the  
9 long-term viability of California agriculture by supporting activities  
10 that *enhance the agricultural sector's ability to adapt to climate*  
11 *change and* reduce global warming impacts that may negatively  
12 impact it and the rest of the state.

13 (c) It is further the intent of the Legislature that the \_\_\_\_\_,  
14 pursuant to this act, support California agriculture in pursuing  
15 voluntary reductions in greenhouse gas emissions, atmospheric  
16 carbon sequestration, and adaptation to global warming.

17 SEC. 2. Part 9 (commencing with Section 38700) is added to  
18 Division 25.5 of the Health and Safety Code, to read:

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PART 9. AGRICULTURAL CLIMATE BENEFITS

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22 38700. The purpose of this part is to ensure that California  
23 maximizes its opportunities to achieve voluntary greenhouse gas  
24 emission reductions and global warming adaptation activities in  
25 the state's agricultural sector while also achieving environmental  
26 cobenefits.

27 38701. For the purposes of this part, the following terms have  
28 the following meanings:

29 (a) "Advisory committee" means the California Agricultural  
30 Climate Benefits Advisory Committee created pursuant to Section  
31 38704.

32 (b) "Environmental cobenefits" means benefits or improvements  
33 to the environment, including, but not limited to, water  
34 conservation, improved air or water quality, increased soil organic  
35 matter, and enhanced wildlife habitat, that occur as a result of  
36 reduced greenhouse gas emissions or sequestration of atmospheric  
37 carbon.

38 (c) "Processor" means the persons, places, and establishments  
39 described in Sections 20019, 32513, and 55407 of the Food and  
40 Agricultural Code.

1 (d) “Producer” means the persons described in Sections 55408  
2 and 64507 of the Food and Agricultural Code.

3 ~~38702. Notwithstanding any other law, not less than \_\_\_\_\_~~  
4 ~~percent of funds generated pursuant to either of the following shall~~  
5 ~~be made available, upon appropriation by the Legislature, to fund~~  
6 ~~activities consistent with this part that will reduce greenhouse gas~~  
7 ~~emissions, or adapt to global warming, in the state’s agricultural~~  
8 ~~sector:~~

9 ~~(a) Revenues generated from the state sale of emission~~  
10 ~~allowances for market-based compliance mechanisms adopted~~  
11 ~~pursuant to this division, other than revenues collected for~~  
12 ~~administrative purposes:~~

13 ~~(b) Funds from federal global warming programs that are~~  
14 ~~dedicated to or otherwise accrue to the state for global warming~~  
15 ~~projects and programs that are consistent with the purposes of this~~  
16 ~~part:~~

17 ~~38703. Funds made available pursuant to Section 38702 shall~~  
18 ~~be administered by the \_\_\_\_\_, in consultation with the advisory~~  
19 ~~committee, and may be used for either of the following:~~

20 ~~(a) The cost of administering this part.~~

21 ~~(b)\_\_\_\_\_~~

22 ~~38702. (a) The following are eligible uses of moneys allocated~~  
23 ~~to the agricultural sector from revenue generated from~~  
24 ~~market-based compliance mechanisms for the reduction of~~  
25 ~~emissions of greenhouse gases pursuant to this division:~~

26 ~~(1) Grants for any of the following:~~

27 ~~(1)\_\_\_\_\_~~

28 ~~(A) Research and demonstration projects that reduce greenhouse~~  
29 ~~gas emissions, sequester atmospheric carbon through, or assist the~~  
30 ~~agricultural sector to adapt to global warming through the use of~~  
31 ~~agricultural technologies, practices, or farming systems, or adapt~~  
32 ~~to global warming, and that also provide environmental cobenefits.~~  
33 ~~Eligible recipients may include California producers, any California~~  
34 ~~institutions of higher education, state or local agencies, and~~  
35 ~~nonprofit organizations. Priority shall be given to proposals that~~  
36 ~~include multiple coapplicants and that include at least one~~  
37 ~~agricultural producer in the development and implementation of~~  
38 ~~the project.~~

39 ~~(2)\_\_\_\_\_~~

1 (B) Technical assistance, which shall include, but not be limited  
2 to, development of outreach and training programs to assist  
3 agricultural producers in adopting agricultural technologies,  
4 practices, or farming systems that reduce greenhouse gas emissions  
5 ~~or sequester atmospheric carbon~~, *sequester atmospheric carbon*,  
6 *or assist producers in adapting to global warming*, and provide  
7 environmental cobenefits. Eligible recipients may include *any*  
8 California institutions of higher education, state or local agencies,  
9 and nonprofit organizations with a demonstrated capacity to deliver  
10 technical assistance to California agricultural producers.

11 ~~(3)~~

12 (C) Financial incentives for California agricultural producers  
13 to ~~do any of the following~~:

14 ~~(A) Generate greenhouse gas emission reductions that may not~~  
15 ~~be economically viable as an offset project.~~

16 ~~(B) Demonstrate and test new or uncertain methods to reduce~~  
17 ~~greenhouse gas emissions or sequester atmospheric carbon.~~

18 ~~(C) Be an early adopter of agricultural technologies, practices,~~  
19 ~~or farming systems that reduce greenhouse gas emissions or~~  
20 ~~sequester atmospheric carbon, or adapt to global warming.~~

21 ~~(4)~~

22 *reduce emissions of greenhouse gases, sequester atmospheric*  
23 *carbon, or adapt to global warming while providing environmental*  
24 *cobenefits.*

25 (D) Research and demonstration projects, technical assistance  
26 and financial incentives for California processors to reduce  
27 greenhouse gas emissions from their facilities through energy  
28 efficiency, renewable energy, or processing ~~efficiencies~~. ~~In~~  
29 *efficiencies, with a preference given to those* recommending and  
30 selecting projects from this category, the advisory committee and  
31 the \_\_\_\_ shall give preference to those projects that include  
32 environmental cobenefits.

33 (2) *The cost of administering this part.*

34 ~~(e)~~

35 (b) Grant funds shall be divided equally across all four grant  
36 categories, as described in ~~subdivision (b)~~ *paragraph (1) of*  
37 *subdivision (a)*, unless the \_\_\_\_ determines, in consultation with  
38 the advisory committee, that a different apportionment of funds  
39 would best serve the purposes of this part.

40 ~~(d) Notwithstanding subdivision (e)~~

1 (c) Notwithstanding subdivision (b), not more than 25 percent  
2 of grant funds shall be awarded to projects for processors as  
3 described in ~~paragraph (4) of subdivision (b)~~ *subparagraph (D)*  
4 *of paragraph (1) of subdivision (a)*.

5 (d) *No matching funds requirement that exceeds 25 percent of*  
6 *total project costs shall be imposed as a condition to the award*  
7 *of a grant for research and demonstration projects or technical*  
8 *assistance pursuant to paragraph (1) of subdivision (a).*

9 ~~38704. (a) Not later than July 1, 2012~~

10 38703. (a) *Not later than three months following allocation*  
11 *of moneys, the \_\_\_\_ shall establish the California Agricultural*  
12 *Climate Benefits Advisory Committee to achieve the purposes of*  
13 *this part. The \_\_\_\_ shall appoint its members as follows:*

14 (1) Five members who are agricultural producers, including at  
15 least two certified organic producers.

16 (2) Three members who are researchers with an institution of  
17 higher education with expertise in agriculture and climate change.

18 (3) Three members from nonprofit organizations with expertise  
19 in climate change and agriculture.

20 (4) One member who is a processor.

21 (5) One ex officio member from each of the following public  
22 agencies:

23 (A) Department of Conservation.

24 (B) State Air Resources Board.

25 (C) United States Department of Agriculture, Natural Resources  
26 Conservation Service.

27 (D) United States Environmental Protection Agency, Region  
28 IX.

29 (E) The Department of Food and Agriculture.

30 (b) Each advisory committee member shall designate his or her  
31 alternate, who shall meet the same qualifications identified in  
32 subdivision (a) as the member for whom the alternate is serving.  
33 An alternate member shall serve at an advisory committee meeting  
34 only in the absence of, and shall have the same powers and duties  
35 as, the member for whom he or she is designated as an alternate,  
36 except for duties and powers as an officer of the committee. The  
37 number of alternates present who are not serving in the capacity  
38 of a member shall not be considered in determining a quorum.

39 (c) An alternate member may serve at an advisory committee  
40 subcommittee meeting only in the absence of, and shall have the

1 same powers and duties as, the member for whom he or she is  
2 designated as an alternate, except for duties and powers as a  
3 subcommittee chairperson.

4 (d) The members and alternates of the advisory committee shall  
5 serve without compensation but shall be reimbursed for the  
6 reasonable expenses actually incurred in the performance of their  
7 duties, as determined by the advisory committee and approved by  
8 the \_\_\_\_.

9 (e) The \_\_\_\_ shall appoint the members of the committee from  
10 nominations by interested persons and organizations with expertise  
11 in agriculture and climate change. The \_\_\_\_ shall make all feasible  
12 efforts to appoint members of the advisory committee who reflect  
13 a range of views from agricultural, scientific, environmental  
14 protection, and resource conservation interests that will enhance  
15 the successful implementation of this part.

16 (f) A member of the committee shall serve for a term of three  
17 years, except that the \_\_\_\_ shall appoint the original members of  
18 the committee for staggered terms as follows:

19 (1) One member appointed pursuant to paragraphs (1), (2), and  
20 (3) of subdivision (a) shall serve for one year.

21 (2) Two members appointed pursuant to paragraph (1), and one  
22 member appointed pursuant to paragraphs (2) and (3), of  
23 subdivision (a) shall serve for two years.

24 (3) Two members appointed pursuant to paragraph (1), and one  
25 member appointed pursuant to paragraphs (2) and (3), of  
26 subdivision (a) shall serve for three years.

27 (g) In administering grant funds pursuant to Section 38703, the  
28 \_\_\_\_ shall seek and consider input from the advisory committee  
29 on matters related to the purposes of this part, including, but not  
30 limited to, all of the following:

31 (1) Establishing criteria for grant proposals.

32 (2) Reviewing grant proposals.

33 (3) Recommendations regarding the approval of grant proposals.

34 (4) Recommendations regarding the implementation of this part.

35 (h) Advisory committee members shall recuse themselves from  
36 reviewing grant proposals from any grant category in which either  
37 of the following conditions are met:

38 (1) For a member appointed pursuant to paragraph (1), (3), or  
39 (4) of subdivision (a), if a person from the same private business  
40 or nonprofit organization as the member has applied for a grant

1 pursuant to this part and would directly benefit from the grant  
2 funding.

3 (2) For a member appointed pursuant to paragraph (2) of  
4 subdivision (a), if a person from the same department or field  
5 station as the member has applied for a grant pursuant to this part  
6 and would directly benefit from the grant funding.

7 (i) Advisory committee members shall not be required to recuse  
8 themselves from reviewing grant proposals in any grant category  
9 for which the conditions of subdivision (h) have not been met.

10 (j) The \_\_\_\_\_ shall designate department staff to provide  
11 appropriate staff services to the advisory committee.

12 ~~38705. In establishing criteria for grant proposals and awarding~~  
13 ~~grants, the advisory committee and the \_\_\_\_\_ shall do all of the~~  
14 ~~following:~~

15 ~~(a) Give priority to proposals for research and demonstration~~  
16 ~~projects, pursuant to paragraph (1) of subdivision (b) of Section~~  
17 ~~38703, that include multiple coapplicants and that include at least~~  
18 ~~one agricultural producer in the development and implementation~~  
19 ~~of the project.~~

20 ~~(b) Consider the appropriate use of matching fund requirements~~  
21 ~~for research and demonstration projects and technical assistance~~  
22 ~~projects, pursuant to paragraphs (1) and (2) of subdivision (b) of~~  
23 ~~Section 38703. If matching fund requirements are adopted, the~~  
24 ~~requirements shall not exceed 25 percent of the total award by the~~  
25 ~~state.~~