

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 367

Introduced by Senator Wolk

February 24, 2015

An act to amend Sections ~~561, 566, 566~~ and 568 of, *and to add Sections 562 and 569 to*, the Food and Agricultural Code, *to amend Section 39719 of the Health and Safety Code, and to add Section 75217.5 to the Public Resources Code*, relating to agriculture, *and making an appropriation therefor*.

LEGISLATIVE COUNSEL'S DIGEST

SB 367, as amended, Wolk. ~~Agriculture: environmental farming program: greenhouse gases: Agricultural lands: greenhouse gases.~~

Existing

(1) *Existing* law, the Cannella Environmental Farming Act of 1995, requires the Department of Food and Agriculture to establish and oversee an environmental farming program to provide incentives to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat. The act requires the Secretary of Food and Agriculture to convene a 5-member Scientific Advisory Panel on Environmental Farming for the purpose of providing advice and assistance to federal, state, and local government agencies on issues relating to air, water, and wildlife habitat, as ~~provided:~~ *specified*.

This bill would ~~state the intent of the Legislature (1) to enhance the long-term viability of California agriculture by supporting activities that reduce global warming impacts that may negatively impact it and the rest of the state and (2) that the department support California agriculture in pursuing reductions in greenhouse gas emissions and increased carbon storage in agricultural soils and woody vegetation.~~

~~The bill would require the environmental farming program, in addition to incentives, to provide, in addition to incentives, low-interest loans, technical assistance, educational materials and outreach, or a combination of these things to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat, and reduce on-farm greenhouse gas emissions or increase carbon storage in agricultural soils and woody biomass, or both. The bill would state the intent of the Legislature to increase the membership of the Scientific Advisory Panel on Environmental Farming and would require it additionally to advise and assist on climate change. The bill would require the panel to advise the secretary and the State Board of Food and Agriculture on the creation of programs to provide technical, educational, and financial assistance to agricultural producers that provide multiple environmental and health benefits.~~ *revise and recast the provisions regarding the panel, including, among other things, the panel's membership and duties, as specified. The bill would require the panel to provide a biennial report describing its work to the Legislature and the Governor, among others.*

The bill would provide that \$50,000,000 shall be made available to the department, upon appropriation, to support on-farm projects to demonstrate agricultural management practices and activities that reduce greenhouse gas emissions and increase carbon storage in agricultural soils and woody biomass, as specified.

(2) 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 act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 20% of the annual proceeds of the fund to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program, as provided.

This bill would require the council, no later than the 2015–16 fiscal year, to establish and administer a grant program, as part of the Sustainable Agricultural Lands Conservation Program established by the council in conjunction with the Affordable Housing and Sustainable Communities Program, to provide financial incentives for the adoption and use of land management practices that reduce greenhouse gas

emissions, sequester carbon in solid and woody biomass, and provide other cobenefits on working agricultural operations, as specified.

The bill would require no less than 2% of the annual proceeds of the fund, from the proceeds appropriated to the council, be expended for agricultural land protection consistent with the provisions of that grant program, thereby making an appropriation.

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

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

1 ~~SECTION 1. Section 561 of the Food and Agricultural Code~~
2 ~~is amended to read:~~
3 ~~561. The Legislature finds and declares the following:~~
4 ~~(a) California agriculture helps to feed the world and fuel our~~
5 ~~economy. Agriculture provides one out of every 10 jobs in~~
6 ~~California, and our state has led the nation in total farm production~~
7 ~~every year since 1948. During 1993, California's 76,000 farms~~
8 ~~generated nearly \$20 billion in cash receipts and another \$70 billion~~
9 ~~in economic activity.~~
10 ~~(1) California provides the most agriculture of any state in the~~
11 ~~country, providing the majority of the country's fruits, vegetables,~~
12 ~~nuts, and dairy products.~~
13 ~~(2) Dependent on land and natural resources, California~~
14 ~~agriculture is uniquely vulnerable to global warming. Global~~
15 ~~warming poses a serious threat to California agriculture with rising~~
16 ~~temperatures, increases in extreme weather events, constrained~~
17 ~~water resources, reduced winter chilling hours, and rising sea~~
18 ~~levels.~~
19 ~~(3) California agriculture is also uniquely positioned to provide~~
20 ~~climate benefits by reducing greenhouse gas emissions. Research~~
21 ~~funded by the California Energy Commission's Public Interest~~
22 ~~Energy Research (PIER) program suggests that some agricultural~~
23 ~~practices will not only reduce greenhouse gas emissions, but they~~
24 ~~may also help to store carbon in soils and trees. Carbon storage is~~
25 ~~an important strategy to help meet the state's greenhouse gas~~
26 ~~emissions targets.~~
27 ~~(4) Steps taken by California agriculture to reduce greenhouse~~
28 ~~gas emissions and sequester atmospheric carbon can provide other~~
29 ~~important environmental cobenefits, such as improved air and~~

1 water quality, water conservation, enhanced wildlife habitat, and
2 healthy rural communities.

3 (5) It is therefore the intent of the Legislature to enhance the
4 long-term viability of California agriculture by supporting activities
5 that reduce global warming impacts that may negatively impact it
6 and the rest of the state.

7 (6) It is further the intent of the Legislature that the department,
8 pursuant to this article, support California agriculture in pursuing
9 reductions in greenhouse gas emissions and increased carbon
10 storage in agricultural soils and woody vegetation.

11 (b) Many farmers engage in practices that contribute to the
12 well-being of ecosystems, air quality, and wildlife and their habitat.
13 Agriculture plays a pivotal role in preserving open space that is
14 vital to the environment. Seventy-five percent of the nation's
15 wildlife live on farms and ranches. Freshwater streams and
16 stockponds on farms and ranches provide habitat to millions of
17 fish. Corn, wheat, rice, and other field crops provide bountiful
18 food and habitat for deer, antelope, ducks, geese, and other wildlife.

19 (c) Environmental laws should be based on the best scientific
20 evidence gathered from public and private sources.

21 (d) Best scientific evidence should include the net environmental
22 impact provided by agriculture.

23 (e) Additional research is necessary to adequately inventory the
24 impact that agriculture has on the environment. Recognition should
25 be afforded to agricultural activities that produce a net benefit for
26 the environment, which is consistent with the growing trend of
27 providing incentives for the private sector to undertake economic
28 activities that benefit the environment.

29 *SECTION 1. Section 562 is added to the Food and Agricultural*
30 *Code, to read:*

31 *562. The Legislature further finds and declares all of the*
32 *following:*

33 (a) *California's agricultural output is larger and more diverse*
34 *than any state in the United States, providing the majority of the*
35 *country's fruits, vegetables, nuts, and dairy products.*

36 (b) *Dependent on land and natural resources, California*
37 *agriculture is uniquely vulnerable to climate change, which poses*
38 *a serious threat to California agriculture with rising temperatures,*
39 *increases in extreme weather events, constrained water resources,*
40 *reduced winter chilling hours, and rising sea levels.*

1 (c) California agriculture also is uniquely positioned to provide
2 climate benefits by reducing greenhouse gas emissions. Research
3 funded by the State Energy Resources and Conservation
4 Development Commission's Public Interest Energy Research
5 (PIER) program finds that some agricultural practices will not
6 only reduce greenhouse gas emissions, but they also may help to
7 store carbon in soils and trees. Carbon storage is an important
8 strategy to help meet the state's greenhouse gas emissions targets.

9 (d) Steps taken by those working in California agriculture to
10 reduce greenhouse gas emissions and sequester atmospheric
11 carbon can provide other important environmental cobenefits,
12 such as improved air and water quality, water conservation,
13 enhanced wildlife habitat, and healthier rural communities.

14 (e) It is, therefore, the intent of the Legislature to enhance the
15 long-term viability of California agriculture by supporting
16 activities that reduce climate change impacts that may negatively
17 impact it and the rest of the state.

18 (f) It is further the intent of the Legislature that the department,
19 pursuant to this article, support the state's agricultural sector in
20 pursuing on-farm practices and activities that reduce greenhouse
21 gas emissions and increase carbon storage in agricultural soils
22 and woody biomass.

23 SEC. 2. Section 566 of the Food and Agricultural Code is
24 amended to read:

25 566. (a) (1) The department shall establish and oversee an
26 environmental farming program. The program shall provide
27 incentives, low-interest loans, technical assistance, educational
28 materials and outreach, or a combination of these things to farmers
29 whose practices promote the well-being of ecosystems, air quality,
30 and wildlife and their ~~habitat~~, habitat and reduce on-farm
31 greenhouse gas emissions or increase carbon storage in agricultural
32 soils and woody biomass, or both.

33 (2) The department may provide support through the program
34 that may include, but need not be limited to, permit assistance and
35 coordination and the funding of on-farm demonstration projects
36 in furtherance of the goals of the program.

37 (b) The department may assist in the compilation of scientific
38 evidence data from public and private sources, including the
39 scientific community, industry, conservation organizations, and
40 federal, state, and local agencies identifying the net environmental

1 impacts ~~that of agriculture creates for~~ on the environment. The
2 department shall serve as the depository of this information and
3 provide it to federal, state, and local governments, as needed.

4 (c) The department shall conduct the activities specified in this
5 article with existing resources, to the extent they are available.

6 SEC. 3. Section 568 of the Food and Agricultural Code is
7 amended to read:

8 568. (a) The secretary shall convene a ~~five-member~~ Scientific
9 Advisory Panel on Environmental Farming to advise and assist
10 federal, state, and local government agencies on issues relating to
11 air, water, climate change, and wildlife ~~habitat to do the following:~~
12 *habitat.*

13 (b) (1) *The panel shall consist of the following members:*

14 (A) *The secretary, or his or her designee.*

15 (B) *The Secretary of the Natural Resources Agency, or his or*
16 *her designee.*

17 (C) *The Secretary for Environmental Protection, or his or her*
18 *designee.*

19 (D) *One member, appointed by the Secretary for Environmental*
20 *Protection, who shall be a member of a nonprofit organization*
21 *with expertise in climate change and its impacts on California*
22 *agriculture.*

23 (E) *One member, appointed by the Secretary of the Natural*
24 *Resources Agency, who shall be affiliated with the California*
25 *Association of Resource Conservation Districts.*

26 (F) *Four members appointed by the secretary, according to the*
27 *following:*

28 (i) *Three members who are agricultural producers in the state*
29 *with at least five years of training and experience in the field of*
30 *agriculture. At least one of these members shall be registered as*
31 *a producer pursuant to the California Organic Products Act of*
32 *2003 (Chapter 10 (commencing with Section 46000) of Division*
33 *17).*

34 (ii) *One member who is affiliated with the University of*
35 *California Cooperative Extension.*

36 (2) *The secretary may appoint nonvoting ex officio members to*
37 *the panel after consulting with the panel.*

38 (3) *The secretary shall serve as the chair of the panel.*

1 (4) *Members of the panel shall be highly qualified and*
2 *professionally active in their chosen field or engaged in the conduct*
3 *of scientific research.*

4 (5) *The members of the panel identified in subparagraphs (A)*
5 *to (C), inclusive, of paragraph (1) shall serve as voting ex officio*
6 *members of the panel. Of the members first appointed to the panel*
7 *pursuant to subparagraphs (D) to (F), inclusive, of paragraph (1),*
8 *three shall serve for a term of two years and three shall serve for*
9 *a term of three years, as determined by lot. Thereafter, members*
10 *shall be appointed for a term of three years.*

11 (c) *The panel, at a minimum and as necessary, shall do all of*
12 *the following:*

13 (1) *Review data on the impact that agriculture has on the*
14 *environment and recommend to appropriate state agencies data*
15 *that the panel approves as determines is scientifically valid. A state*
16 *agency that receives data recommended by the panel may adopt*
17 *and incorporate the data into the appropriate program. If a state*
18 *agency does not utilize the data recommended by the panel, ~~it~~ the*
19 *state agency shall provide the panel with a written statement of*
20 *reasons for not utilizing the data. The reasons, at a minimum, shall*
21 *specify the scientific basis for not utilizing the data. The reasons*
22 *shall be provided within 180 days of receiving the data from the*
23 *panel.*

24 (2) *Compile the net environmental impacts ~~that~~ of agriculture*
25 *creates for on the environment, identified pursuant to paragraph*
26 *(1).*

27 (3) *Research, review, and comment on data upon which*
28 *proposed environmental policies and regulatory programs are based*
29 *to ensure that the environmental impacts of agricultural activities*
30 *are accurately portrayed and to identify incentives that may be*
31 *provided to encourage agricultural practices with environmental*
32 *benefits.*

33 (4) *Assist government agencies to incorporate benefits identified*
34 *pursuant to paragraph (1) into environmental regulatory programs.*

35 (5) ~~Advise~~ *Review and advise the secretary and the State Board*
36 *of Food and Agriculture on the creation of proposed programs to*
37 *and projects, including, but not limited to, competitive grants, that*
38 *provide technical, educational, and financial assistance to*
39 *agricultural producers that ~~provide~~ will result in multiple*
40 *environmental and health benefits, including, but not limited to,*

1 reduced greenhouse gas emissions, increased carbon storage in
2 soils and woody biomass, improved air and water quality, enhanced
3 wildlife habitat, and improved local health outcomes.

4 ~~(b) Members of the panel shall be highly qualified and~~
5 ~~professionally active or engaged in the conduct of scientific~~
6 ~~research. Of the members first appointed to the panel, two shall~~
7 ~~serve for a term of two years and three shall serve for a term of~~
8 ~~three years, as determined by lot. Thereafter, members shall be~~
9 ~~appointed for a term of three years. The members shall be~~
10 ~~appointed as follows:~~

11 ~~(1) Three members shall be appointed by the secretary. At least~~
12 ~~one of these members shall have a minimum of five years of~~
13 ~~training and experience in the field of agriculture and shall~~
14 ~~represent production agriculture.~~

15 ~~(2) One member, who has a minimum of five years of training~~
16 ~~and experience in the field of human health or environmental~~
17 ~~science, shall be appointed by the Secretary of the Environmental~~
18 ~~Protection Agency.~~

19 ~~(3) One member, who has a minimum of five years of training~~
20 ~~and experience in the field of resource management, shall be~~
21 ~~appointed by the Secretary of the Resources Agency.~~

22 ~~(e)~~

23 ~~(6) Review and recommend to the secretary and relevant state~~
24 ~~agencies the appropriate uses of available tools to demonstrate~~
25 ~~and quantify greenhouse gas emissions reductions, including, but~~
26 ~~not limited, to the Natural Resources Conservation Service's~~
27 ~~Conservation Practice Standards and COMET-Farm and other~~
28 ~~quantification tools submitted by, among others, state agricultural~~
29 ~~commodity groups and academic institutions.~~

30 ~~(d) The panel may establish ad hoc committees, which may~~
31 ~~include professionals or scientists, to assist it in performing its~~
32 ~~functions.~~

33 ~~(e) (1) The panel shall submit a biennial report to the~~
34 ~~Legislature, the Governor, the agencies represented on the panel,~~
35 ~~and the State Board of Food and Agriculture that includes all of~~
36 ~~the following:~~

37 ~~(A) A description of the work conducted by the panel during the~~
38 ~~prior two-year period.~~

39 ~~(B) The panel's action plan for the next two years, including~~
40 ~~goals and performance measures.~~

1 (2) *The first report shall be submitted two years after the panel's*
2 *first meeting or January 1, 2019, whichever occurs first.*

3 (3) *A report to be submitted pursuant to this subdivision shall*
4 *be submitted in compliance with Section 9795 of the Government*
5 *Code.*

6 ~~(d)~~

7 (f) *The panel shall be created and maintained with funds made*
8 *available from existing resources within the department to the*
9 *extent they are available.*

10 ~~(e) It is the intent of the Legislature to enact legislation to~~
11 ~~increase the membership of the panel.~~

12 *SEC. 4. Section 569 is added to the Food and Agricultural*
13 *Code, to read:*

14 *569. (a) The sum of fifty million dollars (\$50,000,000) shall*
15 *be available, upon appropriation by the Legislature, to the*
16 *department to support on-farm projects to demonstrate agricultural*
17 *management practices and activities that reduce greenhouse gas*
18 *emissions and increase carbon storage in agricultural soils and*
19 *woody biomass, including, but not limited to, all of the following:*

20 (1) *Soil-building and carbon-sequestration practices, including*
21 *the increased use of compost and biochar, cover crops, and low-*
22 *and no-till practices.*

23 (2) *Irrigation efficiency and water conservation measures,*
24 *including soil-moisture monitoring, irrigation scheduling,*
25 *high-efficiency water delivery technologies, dry farming, and*
26 *on-farm water catchment.*

27 (3) *On-farm alternative-energy production and energy*
28 *efficiency, including on-farm bioenergy production from*
29 *agricultural waste and improved on-farm operational efficiencies.*

30 (4) *Wildlife habitat conservation, including hedgerow planting,*
31 *native grass planting and restoration, agroforestry, and managed*
32 *grazing for enhanced habitat.*

33 (b) *The department, in consultation with the Scientific Advisory*
34 *Panel on Environmental Farming, established pursuant to Section*
35 *568, shall develop and implement a grant program to carry out*
36 *the purposes of this article.*

37 *SEC. 5. Section 39719 of the Health and Safety Code is*
38 *amended to read:*

39 39719. (a) *The Legislature shall appropriate the annual*
40 *proceeds of the fund for the purpose of reducing greenhouse gas*

1 emissions in this state in accordance with the requirements of
2 Section 39712.

3 (b) To carry out a portion of the requirements of subdivision
4 (a), annual proceeds are continuously appropriated for the
5 following:

6 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
7 Section 13340 of the Government Code, 35 percent of annual
8 proceeds are continuously appropriated, without regard to fiscal
9 years, for transit, affordable housing, and sustainable communities
10 programs as following:

11 (A) Ten percent of the annual proceeds of the fund is hereby
12 continuously appropriated to the Transportation Agency for the
13 Transit and Intercity Rail Capital Program created by Part 2
14 (commencing with Section 75220) of Division 44 of the Public
15 Resources Code.

16 (B) Five percent of the annual proceeds of the fund is hereby
17 continuously appropriated to the Low Carbon Transit Operations
18 Program created by Part 3 (commencing with Section 75230) of
19 Division 44 of the Public Resources Code. ~~Funds~~ *Moneys* shall be
20 allocated by the Controller, according to requirements of the
21 program, and pursuant to the distribution formula in subdivision
22 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
23 the Public Utilities Code.

24 (C) Twenty percent of the annual proceeds of the fund is hereby
25 continuously appropriated to the Strategic Growth Council for the
26 Affordable Housing and Sustainable Communities Program created
27 by Part 1 (commencing with Section 75200) of Division 44 of the
28 Public Resources Code. Of the amount appropriated in this
29 subparagraph, no less than 10 percent of the annual ~~proceeds~~;
30 *proceeds* shall be expended for affordable housing, consistent with
31 the provisions of that program *and no less than two percent of the*
32 *annual proceeds shall be expended for agricultural land protection*
33 *consistent with Section 75217.5 of the Public Resources Code.*

34 (2) Beginning in the 2015–16 fiscal year, notwithstanding
35 Section 13340 of the Government Code, 25 percent of the annual
36 proceeds of the fund is hereby continuously appropriated to the
37 High-Speed Rail Authority for the following components of the
38 initial operating segment and Phase I Blended System as described
39 in the 2012 business plan adopted pursuant to Section 185033 of
40 the Public Utilities Code:

- 1 (A) Acquisition and construction costs of the project.
- 2 (B) Environmental review and design costs of the project.
- 3 (C) Other capital costs of the project.
- 4 (D) Repayment of any loans made to the authority to fund the
- 5 project.

6 (c) In determining the amount of annual proceeds of the fund
7 for purposes of the calculation in subdivision (b), the ~~funds~~ *moneys*
8 subject to Section 39719.1 shall not be included.

9 *SEC. 6. Section 75217.5 is added to the Public Resources Code,*
10 *to read:*

11 *75217.5. (a) The Legislature finds and declares all of the*
12 *following:*

13 *(1) It is in the interest of the state to provide incentives for the*
14 *use of agricultural land management practices that will reduce*
15 *greenhouse gas emissions, sequester carbon in soils and woody*
16 *biomass, and provide other cobenefits on working agricultural*
17 *operations.*

18 *(2) The council's Sustainable Agricultural Lands Conservation*
19 *Program, established pursuant to this chapter, has three elements,*
20 *including financial incentives for the adoption and use of land*
21 *management practices that achieve these goals.*

22 *(3) The 2014 program guidelines establish grant programs for*
23 *the 2014–15 fiscal year to promote agricultural lands strategic*
24 *planning and agricultural land conservation easements, but the*
25 *guidelines do not establish a grant program to provide incentives*
26 *for agricultural land management practices.*

27 *(b) (1) The council, no later than the 2015–16 fiscal year, shall*
28 *establish and administer a grant program, as part of the*
29 *Sustainable Agricultural Lands Conservation Program, to provide*
30 *financial incentives for the adoption and use of land management*
31 *practices that reduce greenhouse gas emissions, sequester carbon*
32 *in solid and woody biomass, and provide other cobenefits on*
33 *working agricultural operations. The council shall consult with*
34 *the Department of Food and Agriculture and the Scientific Advisory*
35 *Panel on Environmental Farming, established pursuant to Section*
36 *568 of the Food and Agricultural Code, when developing the grant*
37 *program and guidelines.*

38 *(2) The council, as part of the grant program established*
39 *pursuant to this subdivision, shall give priority to working*

- 1 *agricultural operations that adopt land management practices*
- 2 *that achieve the goals described in paragraph (1).*

O