

AMENDED IN SENATE APRIL 13, 2015

AMENDED IN SENATE APRIL 6, 2015

**SENATE BILL**

**No. 367**

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**Introduced by Senator Wolk**

February 24, 2015

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An act to amend Sections 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. Agricultural lands: greenhouse gases.

(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 specified.

This bill would require the environmental farming program 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 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, *from the Greenhouse Gas Reduction Fund* 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~~ *soil* and woody biomass, and provide other cobenefits on working agricultural operations, as specified.

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

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

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

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

3 562. The Legislature further finds and declares all of the  
4 following:

5 (a) California’s agricultural output is larger and more diverse  
6 than any state in the United States, providing the majority of the  
7 country’s fruits, vegetables, nuts, and dairy products.

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

13 (c) California agriculture also is uniquely positioned to provide  
14 climate benefits by reducing greenhouse gas emissions. Research  
15 funded by the State Energy Resources and Conservation  
16 Development Commission’s Public Interest Energy Research  
17 (PIER) program finds that some agricultural practices will not only  
18 reduce greenhouse gas emissions, but they also may help to store  
19 carbon in soils and trees. Carbon storage is an important strategy  
20 to help meet the state’s greenhouse gas emissions targets.

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

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

30 (f) It is further the intent of the Legislature that the department,  
31 pursuant to this article, support the state’s agricultural sector in  
32 pursuing on-farm practices and activities that reduce greenhouse  
33 gas emissions and increase carbon storage in agricultural soils and  
34 woody biomass.

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

37 566. (a) (1) The department shall establish and oversee an  
38 environmental farming program. The program shall provide

1 incentives, low-interest loans, technical assistance, educational  
2 materials and outreach, or a combination of these things to farmers  
3 whose practices promote the well-being of ecosystems, air quality,  
4 and wildlife and their habitat and reduce on-farm greenhouse gas  
5 emissions or increase carbon storage in agricultural soils and  
6 woody biomass, or both.

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

11 (b) The department may assist in the compilation of scientific  
12 data from public and private sources, including the scientific  
13 community, industry, conservation organizations, and federal,  
14 state, and local agencies identifying the net environmental impacts  
15 of agriculture on the environment. The department shall serve as  
16 the depository of this information and provide it to federal, state,  
17 and local governments, as needed.

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

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

22 568. (a) The secretary shall convene a Scientific Advisory  
23 Panel on Environmental Farming to advise and assist federal, state,  
24 and local government agencies on issues relating to air, water,  
25 climate change, and wildlife habitat.

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

27 (A) The secretary, or his or her designee.

28 (B) The Secretary of the Natural Resources Agency, or his or  
29 her designee.

30 (C) The Secretary for Environmental Protection, or his or her  
31 designee.

32 (D) One member, appointed by the Secretary for Environmental  
33 Protection, who shall be a member of a nonprofit organization  
34 with expertise in climate change and its impacts on California  
35 agriculture.

36 (E) One member, appointed by the Secretary of the Natural  
37 Resources Agency, who shall be affiliated with the California  
38 Association of Resource Conservation Districts.

39 (F) Four members appointed by the secretary, according to the  
40 following:

1 (i) Three members who are agricultural producers in the state  
2 with at least five years of training and experience in the field of  
3 agriculture. At least one of these members shall be registered as a  
4 producer pursuant to the California Organic Products Act of 2003  
5 (Chapter 10 (commencing with Section 46000) of Division 17).

6 (ii) One member who is affiliated with the University of  
7 California Cooperative Extension.

8 (2) The secretary may appoint nonvoting ex officio members  
9 to the panel after consulting with the panel.

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

11 (4) Members of the panel shall be highly qualified and  
12 professionally active in their chosen field or engaged in the conduct  
13 of scientific research.

14 (5) The members of the panel identified in subparagraphs (A)  
15 to (C), inclusive, of paragraph (1) shall serve as voting ex officio  
16 members of the panel. Of the members first appointed to the panel  
17 pursuant to subparagraphs (D) to (F), inclusive, of paragraph (1),  
18 three shall serve for a term of two years and three shall serve for  
19 a term of three years, as determined by lot. Thereafter, members  
20 shall be appointed for a term of three years.

21 (c) The panel, at a minimum and as necessary, shall do all of  
22 the following:

23 (1) Review data on the impact that agriculture has on the  
24 environment and recommend to appropriate state agencies data  
25 that the panel determines is scientifically valid. A state agency that  
26 receives data recommended by the panel may adopt and incorporate  
27 the data into the appropriate program. If a state agency does not  
28 utilize the data recommended by the panel, the state agency shall  
29 provide the panel with a written statement of reasons for not  
30 utilizing the data. The reasons, at a minimum, shall specify the  
31 scientific basis for not utilizing the data. The reasons shall be  
32 provided within 180 days of receiving the data from the panel.

33 (2) Compile the net environmental impacts of agriculture on  
34 the environment, identified pursuant to paragraph (1).

35 (3) Research, review, and comment on data upon which  
36 proposed environmental policies and regulatory programs are based  
37 to ensure that the environmental impacts of agricultural activities  
38 are accurately portrayed and to identify incentives that may be  
39 provided to encourage agricultural practices with environmental  
40 benefits.

- 1 (4) Assist government agencies to incorporate benefits identified  
2 pursuant to paragraph (1) into environmental regulatory programs.
- 3 (5) Review and advise the secretary and the State Board of Food  
4 and Agriculture on proposed programs and projects, including,  
5 but not limited to, competitive grants, that provide technical,  
6 educational, and financial assistance to agricultural producers that  
7 will result in multiple environmental and health benefits, including,  
8 but not limited to, reduced greenhouse gas emissions, increased  
9 carbon storage in soils and woody biomass, improved air and water  
10 quality, enhanced wildlife habitat, and improved local health  
11 outcomes.
- 12 (6) Review and recommend to the secretary and relevant state  
13 agencies the appropriate uses of available tools to demonstrate and  
14 quantify greenhouse gas emissions reductions, including, but not  
15 limited, to the Natural Resources Conservation Service’s  
16 Conservation Practice Standards and COMET-Farm and other  
17 quantification tools submitted by, among others, state agricultural  
18 commodity groups and academic institutions.
- 19 (d) The panel may establish ad hoc committees, which may  
20 include professionals or scientists, to assist it in performing its  
21 functions.
- 22 (e) (1) The panel shall submit a biennial report to the  
23 Legislature, the Governor, the agencies represented on the panel,  
24 and the State Board of Food and Agriculture that includes all of  
25 the following:
- 26 (A) A description of the work conducted by the panel during  
27 the prior two-year period.
- 28 (B) The panel’s action plan for the next two years, including  
29 goals and performance measures.
- 30 (2) The first report shall be submitted two years after the panel’s  
31 first meeting or January 1, 2019, whichever occurs first.
- 32 (3) A report to be submitted pursuant to this subdivision shall  
33 be submitted in compliance with Section 9795 of the Government  
34 Code.
- 35 (f) The panel shall be created and maintained with funds made  
36 available from existing resources within the department to the  
37 extent they are available.
- 38 SEC. 4. Section 569 is added to the Food and Agricultural  
39 Code, to read:

1 569. (a) The sum of fifty million dollars (\$50,000,000) shall  
2 be available, upon appropriation by the Legislature, *from the*  
3 *Greenhouse Gas Reduction Fund, created pursuant to Section*  
4 *16428.8 of the Government Code*, to the department to support  
5 on-farm projects to demonstrate agricultural management practices  
6 and activities that reduce greenhouse gas emissions and increase  
7 carbon storage in agricultural soils and woody biomass, including,  
8 but not limited to, all of the following:

9 (1) Soil-building and carbon-sequestration practices, including  
10 the increased use of compost and biochar, cover crops, and low-  
11 and no-till practices.

12 (2) Irrigation efficiency and water conservation measures,  
13 including soil-moisture monitoring, irrigation scheduling,  
14 high-efficiency water delivery technologies, dry farming, and  
15 on-farm water catchment.

16 (3) On-farm alternative-energy production and energy efficiency,  
17 including on-farm bioenergy production from agricultural waste  
18 and improved on-farm operational efficiencies.

19 (4) Wildlife habitat conservation, including hedgerow planting,  
20 native grass planting and restoration, agroforestry, and managed  
21 grazing for enhanced habitat.

22 (b) The department, in consultation with the Scientific Advisory  
23 Panel on Environmental Farming, established pursuant to Section  
24 568, shall develop and implement a grant program to carry out the  
25 purposes of this article.

26 (c) *The secretary and the Secretary of the Natural Resources*  
27 *Agency shall enter into a memorandum of agreement among the*  
28 *department, the Department of Conservation, and other relevant*  
29 *state agencies to ensure the greatest possible coordination and*  
30 *collaboration in implementing the programs and projects funded*  
31 *pursuant to this section.*

32 SEC. 5. Section 39719 of the Health and Safety Code is  
33 amended to read:

34 39719. (a) The Legislature shall appropriate the annual  
35 proceeds of the fund for the purpose of reducing greenhouse gas  
36 emissions in this state in accordance with the requirements of  
37 Section 39712.

38 (b) To carry out a portion of the requirements of subdivision  
39 (a), annual proceeds are continuously appropriated for the  
40 following:

1 (1) Beginning in the 2015–16 fiscal year, and notwithstanding  
2 Section 13340 of the Government Code, 35 percent of annual  
3 proceeds are continuously appropriated, without regard to fiscal  
4 years, for transit, affordable housing, and sustainable communities  
5 programs as ~~following~~ follows:

6 (A) Ten percent of the annual proceeds of the fund is hereby  
7 continuously appropriated to the Transportation Agency for the  
8 Transit and Intercity Rail Capital Program created by Part 2  
9 (commencing with Section 75220) of Division 44 of the Public  
10 Resources Code.

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

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

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

37 (A) Acquisition and construction costs of the project.

38 (B) Environmental review and design costs of the project.

39 (C) Other capital costs of the project.

1 (D) Repayment of any loans made to the authority to fund the  
2 project.

3 (c) In determining the amount of annual proceeds of the fund  
4 for purposes of the calculation in subdivision (b), the moneys  
5 subject to Section 39719.1 shall not be included.

6 SEC. 6. Section 75217.5 is added to the Public Resources Code,  
7 to read:

8 75217.5. (a) The Legislature finds and declares all of the  
9 following:

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

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

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

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

35 (2) The council, as part of the grant program established  
36 pursuant to this ~~subdivision~~, *subdivision*, shall give priority to  
37 working agricultural operations that adopt land management  
38 practices that achieve the goals described in paragraph (1).

O