

AMENDED IN SENATE MAY 6, 2015
AMENDED IN SENATE APRIL 13, 2015
AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 367

Introduced by Senator Wolk

February 24, 2015

An act to amend Sections ~~566~~ 564, 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. *Existing law authorizes the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for the environment and requires the department to serve as depository for that information and provide it to federal, state, and local governments, as needed.*

This bill would require the environmental farming program to ~~provide, in addition to incentives,~~ *provide* low-interest loans, technical assistance, educational materials and outreach, or a combination of these ~~things~~ *things, instead of incentives,* 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~~ *rename* the panel, ~~including, among other things,~~ *panel the Environmental Farming Advisory Panel and revise* 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 require the State Air Resources Board, in consultation with the panel, to consider and recommend, as appropriate, the use of available tools to demonstrate and quantify greenhouse gas emissions reductions from a specified grant program. The bill would eliminate the authorization for the department to assist in compiling scientific evidence identifying the net environmental impacts that agriculture creates for the environment and the requirement that the department serve as depository for that information to federal, state, and local governments.*

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 soil and woody biomass, and provide other cobenefits on working agricultural operations, as specified.

The bill would continuously appropriate 2% of the annual proceeds of the 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.

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

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

10 *SEC. 2. Section 564 of the Food and Agricultural Code is*
 11 *amended to read:*

12 564. Unless the context otherwise requires, the following
 13 definitions govern the construction of this article:

14 (a) “Agricultural activities” means those activities that generate
 15 products as specified in Section 54004.

16 (b) “Department” means the Department of Food and
 17 Agriculture.

18 (c) “Panel” means the ~~Scientific Environmental Farming~~
 19 ~~Advisory Panel on Environmental Farming~~. *Panel.*

20 (d) “Secretary” means the Secretary of Food and Agriculture.

21 ~~SEC. 2.~~

22 *SEC. 3. Section 566 of the Food and Agricultural Code is*
 23 *amended to read:*

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

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

36 ~~(b) The department may assist in the compilation of scientific~~
 37 ~~data from public and private sources, including the scientific~~
 38 ~~community, industry, conservation organizations, and federal,~~
 39 ~~state, and local agencies identifying the net environmental impacts~~
 40 ~~of agriculture on the environment. The department shall serve as~~

1 the depository of this information and provide it to federal, state,
2 and local governments, as needed.

3 (e)

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

6 ~~SEC. 3.~~

7 *SEC. 4.* Section 568 of the Food and Agricultural Code is
8 amended to read:

9 568. (a) The secretary shall convene ~~a Scientific~~ *an*
10 *Environmental Farming* Advisory Panel ~~on Environmental Farming~~
11 *to advise the secretary on the implementation of an environmental*
12 *farming program, established pursuant to Section 566,* and assist
13 federal, state, and local government ~~agencies~~ *agencies, as*
14 *appropriate or necessary,* on issues relating to *the impact of*
15 *agricultural practices on air, water, climate change, and wildlife*
16 *habitat.*

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

18 ~~(A) The secretary, or his or her designee.~~

19 ~~(B) The Secretary of the Natural Resources Agency, or his or~~
20 ~~her designee.~~

21 ~~(C) The Secretary for Environmental Protection, or his or her~~
22 ~~designee.~~

23 ~~(D) One member,~~

24 ~~(A) Two members~~ appointed by the Secretary for Environmental
25 Protection, ~~who shall be a member of a nonprofit organization~~
26 ~~with Protection. One of these members shall have expertise in~~
27 ~~climate change and its impacts on California agriculture.~~
28 ~~agriculture, and the other member shall have expertise in~~
29 ~~greenhouse gas emissions reduction practices related to~~
30 ~~agriculture.~~

31 ~~(E) One member,~~

32 ~~(B) Two members~~ appointed by the Secretary of the Natural
33 Resources ~~Agency, who~~ *Agency. One of these members* shall be
34 affiliated with the California Association of Resource Conservation
35 Districts.

36 ~~(F)~~

37 (C) Four members appointed by the secretary, according to the
38 following:

39 (i) Three members who are agricultural producers in the state
40 with at least five years of training and experience in the field of

1 agriculture. At least one of these members shall be registered as a
 2 producer pursuant to the California Organic Products Act of 2003
 3 (Chapter 10 (commencing with Section 46000) of Division 17).

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

6 (2) The secretary may appoint ~~nonvoting ex officio~~ *other*
 7 members to the panel after consulting with the panel.

8 (3) The secretary shall *designate the member who is to serve as*
 9 the chair of the panel.

10 (4) Members of the panel shall be highly qualified and
 11 professionally active *with at least five years of experience* in their
 12 chosen ~~field or~~ *field*, and *two of the members shall be engaged in*
 13 the conduct of scientific ~~research~~. *research related to*
 14 *environmentally sustainable agriculture.*

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

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

24 (1) Review data on the impact that agriculture has on the
 25 environment and recommend to *the secretary and other* appropriate
 26 state agencies ~~data that the panel determines is scientifically valid.~~
 27 ~~A state agency that receives data recommended by the panel may~~
 28 ~~adopt and incorporate the data into the appropriate program. If a~~
 29 ~~state agency does not utilize the data recommended by the panel,~~
 30 ~~the state agency shall provide the panel with a written statement~~
 31 ~~of reasons for not utilizing the data. The reasons, at a minimum,~~
 32 ~~shall specify the scientific basis for not utilizing the data. The~~
 33 ~~reasons shall be provided within 180 days of receiving the data~~
 34 ~~from the panel.~~ *the best available science on the environmental*
 35 *impacts of agriculture, as well as practices and policies based on*
 36 *that information to advance the goals of this article.*

37 (2) Compile the net environmental impacts of agriculture on
 38 the environment, identified pursuant to paragraph ~~(1)~~. *(1)*, for use
 39 by the department, other relevant state agencies, and the public.

1 (3) Research, review, and comment on data upon which
2 proposed environmental policies and regulatory programs are based
3 to ensure that the environmental impacts of agricultural activities
4 are accurately portrayed and to identify incentives that may be
5 provided to encourage agricultural practices with environmental
6 benefits.

7 (4) Assist government agencies to incorporate benefits identified
8 pursuant to paragraph (1) into environmental regulatory programs.

9 (5) Review and advise the secretary and the State Board of Food
10 and Agriculture on *existing and* proposed programs and ~~projects,~~
11 ~~including, but not limited to, competitive grants, projects~~ that
12 provide technical, educational, and financial ~~assistance~~ *assistance,*
13 *including, but not limited to, competitive grants* to agricultural
14 producers that will result in multiple environmental and health
15 benefits, including, but not limited to, reduced greenhouse gas
16 emissions, increased carbon storage in soils and woody biomass,
17 improved air and water quality, enhanced wildlife habitat, and
18 improved local health outcomes.

19 ~~(6) Review and recommend to the secretary and relevant state~~
20 ~~agencies the appropriate uses~~

21 *(d) The State Air Resources Board, in consultation with the*
22 *panel, shall consider, and recommend, as appropriate, in the*
23 *guidance developed pursuant to subdivision (b) of Section 16428.9*
24 *of the Government Code, the use of available tools to demonstrate*
25 *and quantify greenhouse gas emissions ~~reductions,~~ *reductions from*
26 *the grant program established pursuant to subdivision (b) of*
27 *Section 569, including, but not limited,* ~~to limited to,~~ the Natural
28 Resources Conservation Service’s Conservation Practice Standards
29 and COMET-Farm and other quantification tools submitted by,
30 among others, state agricultural commodity groups and academic
31 institutions.*

32 ~~(d)~~

33 *(e) The panel may establish ad hoc committees, which may*
34 *include professionals or scientists, to assist it in performing its*
35 *functions.*

36 ~~(e)~~

37 *(f) (1) The panel shall submit a biennial report to the*
38 *Legislature, the Governor, the agencies represented on the panel,*
39 *and the State Board of Food and Agriculture that includes all of*
40 *the following:*

1 (A) A description of the work conducted by the panel during
2 the prior two-year period.

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

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

7 (3) A report to be submitted pursuant to this subdivision shall
8 be submitted in compliance with Section 9795 of the Government
9 Code.

10 (f)

11 (g) The panel shall be created and maintained with funds made
12 available from existing resources within the department to the
13 extent they are available.

14 ~~SEC. 4.~~

15 *SEC. 5.* Section 569 is added to the Food and Agricultural
16 Code, to read:

17 569. (a) The sum of fifty million dollars (\$50,000,000) shall
18 be available, upon appropriation by the Legislature, from the
19 Greenhouse Gas Reduction Fund, created pursuant to Section
20 16428.8 of the Government Code, to the department to support
21 on-farm projects to demonstrate agricultural management practices
22 and activities that reduce greenhouse gas emissions and increase
23 carbon storage in agricultural soils and woody biomass, including,
24 but not limited to, all of the following:

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

28 (2) Irrigation efficiency and water conservation measures,
29 including soil-moisture monitoring, irrigation scheduling,
30 high-efficiency water delivery technologies, dry farming, and
31 on-farm water catchment.

32 (3) On-farm alternative-energy production and energy efficiency,
33 including on-farm bioenergy production from agricultural waste
34 and improved on-farm operational efficiencies.

35 (4) Wildlife habitat conservation, including hedgerow planting,
36 native grass planting and restoration, agroforestry, and managed
37 grazing for enhanced habitat.

38 (b) The department, in consultation with the ~~Scientific~~
39 ~~Environmental Farming Advisory Panel on Environmental~~
40 ~~Farming, Panel~~ established pursuant to Section 568, shall develop

1 and implement a grant program to carry out the purposes of this
2 article.

3 (c) The secretary and the Secretary of the Natural Resources
4 Agency shall enter into a memorandum of agreement among the
5 department, the Department of Conservation, and other relevant
6 state agencies to ensure the greatest possible coordination and
7 collaboration in implementing the programs and projects funded
8 pursuant to this section.

9 ~~SEC. 5.~~

10 *SEC. 6.* Section 39719 of the Health and Safety Code is
11 amended to read:

12 39719. (a) The Legislature shall appropriate the annual
13 proceeds of the fund for the purpose of reducing greenhouse gas
14 emissions in this state in accordance with the requirements of
15 Section 39712.

16 (b) To carry out a portion of the requirements of subdivision
17 (a), annual proceeds are continuously appropriated for the
18 following:

19 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
20 Section 13340 of the Government Code, 35 percent of annual
21 proceeds are continuously appropriated, without regard to fiscal
22 years, for transit, affordable housing, and sustainable communities
23 programs as follows:

24 (A) Ten percent of the annual proceeds of the fund is hereby
25 continuously appropriated to the Transportation Agency for the
26 Transit and Intercity Rail Capital Program created by Part 2
27 (commencing with Section 75220) of Division 44 of the Public
28 Resources Code.

29 (B) Five percent of the annual proceeds of the fund is hereby
30 continuously appropriated to the Low Carbon Transit Operations
31 Program created by Part 3 (commencing with Section 75230) of
32 Division 44 of the Public Resources Code. Moneys shall be
33 allocated by the Controller, according to requirements of the
34 program, and pursuant to the distribution formula in subdivision
35 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
36 the Public Utilities Code.

37 (C) Twenty percent of the annual proceeds of the fund is hereby
38 continuously appropriated to the Strategic Growth Council for the
39 Affordable Housing and Sustainable Communities Program created
40 by Part 1 (commencing with Section 75200) of Division 44 of the

1 Public Resources Code. Of the amount appropriated in this
2 subparagraph, no less than 10 percent of the annual proceeds of
3 the fund shall be expended for affordable housing, consistent with
4 the provisions of that program and no less than two percent of the
5 annual proceeds of the fund shall be expended for agricultural land
6 protection consistent with Section 75217.5 of the Public Resources
7 Code.

8 (2) Beginning in the 2015–16 fiscal year, notwithstanding
9 Section 13340 of the Government Code, 25 percent of the annual
10 proceeds of the fund is hereby continuously appropriated to the
11 High-Speed Rail Authority for the following components of the
12 initial operating segment and Phase I Blended System as described
13 in the 2012 business plan adopted pursuant to Section 185033 of
14 the Public Utilities Code:

- 15 (A) Acquisition and construction costs of the project.
- 16 (B) Environmental review and design costs of the project.
- 17 (C) Other capital costs of the project.
- 18 (D) Repayment of any loans made to the authority to fund the
19 project.
- 20 (c) In determining the amount of annual proceeds of the fund
21 for purposes of the calculation in subdivision (b), the moneys
22 subject to Section 39719.1 shall not be included.

23 ~~SEC. 6.~~

24 *SEC. 7.* Section 75217.5 is added to the Public Resources Code,
25 to read:

26 75217.5. (a) The Legislature finds and declares all of the
27 following:

- 28 (1) It is in the interest of the state to provide incentives for the
29 use of agricultural land management practices that will reduce
30 greenhouse gas emissions, sequester carbon in soils and woody
31 biomass, and provide other cobenefits on working agricultural
32 operations.
- 33 (2) The council’s Sustainable Agricultural Lands Conservation
34 Program, established pursuant to this chapter, has three elements,
35 including financial incentives for the adoption and use of land
36 management practices that achieve these goals.
- 37 (3) The 2014 program guidelines establish grant programs for
38 the 2014–15 fiscal year to promote agricultural lands strategic
39 planning and agricultural land conservation easements, but the

1 guidelines do not establish a grant program to provide incentives
2 for agricultural land management practices.

3 (b) (1) The council, no later than the 2015–16 fiscal year, shall
4 establish and administer a grant program, as part of the Sustainable
5 Agricultural Lands Conservation Program, to provide financial
6 incentives for the adoption and use of land management practices
7 that reduce greenhouse gas emissions, sequester carbon in soil and
8 woody biomass, and provide other cobenefits on working
9 agricultural operations. The council shall consult with the
10 Department of Food and Agriculture and the ~~Scientific~~
11 *Environmental Farming Advisory Panel on Environmental*
12 *Farming, Panel*, established pursuant to Section 568 of the Food
13 and Agricultural Code, when developing the grant program and
14 guidelines.

15 (2) The council, as part of the grant program established
16 pursuant to this subdivision, shall give priority to working
17 agricultural operations that adopt land management practices that
18 achieve the goals described in paragraph (1).