

AMENDED IN ASSEMBLY AUGUST 17, 2015

AMENDED IN ASSEMBLY JULY 6, 2015

AMENDED IN ASSEMBLY JUNE 24, 2015

AMENDED IN SENATE JUNE 2, 2015

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
(Coauthor: Assembly Member Dodd)

February 24, 2015

An act to amend Sections 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.

This bill instead would authorize, rather than require, the environmental farming program to provide incentives, including loans, grants, research, technical assistance, or educational materials and outreach, 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 rename the panel the Environmental Farming Science 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 provide that \$25,000,000 shall be made available to the department, upon appropriation, from the Greenhouse Gas Reduction Fund to support 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. The bill would require the department, in consultation with the panel, to develop and implement a grant program to carry out the purposes of the act and would require the State Air Resources Board, in consultation with the secretary and the panel, to consider and recommend, as appropriate, the use of available tools to demonstrate and quantify greenhouse gas emissions reductions from the grant program.

(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 *Conservation and Development* Commission’s Public Interest
17 Energy Research (PIER) program finds that some agricultural
18 practices will not only reduce greenhouse gas emissions, but they
19 also may help to store carbon in soils and trees. Carbon storage is
20 an important strategy to help meet the state’s greenhouse gas
21 emissions targets.
22 (d) Steps taken by those working in California agriculture to
23 reduce greenhouse gas emissions and sequester atmospheric carbon
24 can provide other important environmental cobenefits, such as
25 improved air and water quality, water conservation, enhanced
26 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) "Fund" means the Greenhouse Gas Reduction Fund, created
19 pursuant to Section 16428.8 of the Government Code.

20 (d) "Panel" means the Environmental Farming Science Advisory
21 Panel.

22 (e) "Secretary" means the Secretary of Food and Agriculture.

23 SEC. 3. 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 may provide
27 incentives, including, but not limited to, loans, grants, research,
28 technical assistance, or educational materials and outreach, to
29 farmers whose practices promote the well-being of ecosystems,
30 air quality, and wildlife and their 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) (1) The department may assist in the compilation of
38 scientific evidence from public and private sources, including the
39 scientific community, industry, conservation organizations, and

1 federal, state, and local agencies identifying the net environmental
2 impacts and benefits that agriculture creates for the environment.

3 (2) The department shall serve as the depository of the scientific
4 evidence compiled pursuant to this subdivision and provide it to
5 federal, state, and local agencies as needed.

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

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

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

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

18 (A) Two members appointed by the Secretary for Environmental
19 Protection. One of these members shall have expertise in climate
20 change and its impacts on California agriculture, and the other
21 member shall have expertise in greenhouse gas emissions reduction
22 practices related to agriculture.

23 (B) Two members appointed by the Secretary of the Natural
24 Resources Agency. One of these members shall be affiliated with
25 the California Association of Resource Conservation Districts.
26 The other member shall be engaged in the conduct of scientific
27 research related to the purposes described in Section 566.

28 (C) Five members appointed by the secretary, according to the
29 following:

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

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

37 (iii) One member who is engaged in the conduct of scientific
38 research related to the purposes described in Section 566.

39 (2) The secretary may appoint nonvoting advisers to the panel
40 after consulting with the panel.

1 (3) The secretary shall designate the member who is to serve
2 as the chair of the panel.

3 (4) Members of the panel shall be highly qualified and
4 professionally active with at least five years of experience in their
5 chosen field.

6 (5) Of the members first appointed to the panel, four shall serve
7 for a term of two years and five shall serve for a term of three
8 years, as determined by lot. Thereafter, members shall be appointed
9 for a term of three years.

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

12 (1) (A) Review data on the ~~impact~~ *impacts and benefits* that
13 agriculture has on the environment and recommend to the secretary
14 and other appropriate state agencies data that the panel determines
15 is scientifically valid.

16 (B) A state agency that receives data recommended by the panel
17 may adopt and incorporate the data into the appropriate program.

18 (C) If a state agency does not utilize the data recommended by
19 the panel, the state agency shall provide the panel with a written
20 statement of reasons for not doing so. The reasons shall specify,
21 at a minimum, the scientific basis for not utilizing the data. The
22 reasons shall be provided within 180 days of receiving the data.

23 (2) Compile the net environmental impacts of agriculture on
24 the environment, identified pursuant to paragraph (1), for use by
25 the department, other relevant state agencies, and the public.

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

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

34 (5) Review and advise the secretary and the State Board of Food
35 and Agriculture on existing and proposed programs and projects
36 that provide technical, educational, and financial assistance,
37 including, but not limited to, competitive grants to agricultural
38 producers that will result in multiple environmental and health
39 benefits, including, but not limited to, reduced greenhouse gas
40 emissions, increased carbon storage in soils and woody biomass,

1 improved air and water quality, enhanced wildlife habitat, and
2 improved local health outcomes.

3 (d) The State Air Resources Board, in consultation with the
4 secretary and the panel, shall consider, and recommend, as
5 appropriate, in the guidance developed pursuant to subdivision (b)
6 of Section 16428.9 of the Government Code, the use of available
7 tools to demonstrate and quantify greenhouse gas emissions
8 reductions from the grant program established pursuant to
9 subdivision (b) of Section 569, including, but not limited to, the
10 Natural Resources Conservation Service’s National Conservation
11 Practice Standards and COMET-Farm and other quantification
12 tools.

13 (e) The panel may establish ad hoc committees, which may
14 include professionals or scientists, to assist it in performing its
15 functions.

16 (f) (1) The panel shall submit a biennial report to the
17 Legislature, the Governor, the agencies represented on the panel,
18 and the State Board of Food and Agriculture that includes all of
19 the following:

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

22 (B) The panel’s action plan for the next two years, including
23 goals and performance measures.

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

26 (3) A report to be submitted pursuant to this subdivision shall
27 be submitted in compliance with Section 9795 of the Government
28 Code.

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

32 SEC. 5. Section 569 is added to the Food and Agricultural
33 Code, to read:

34 569. (a) The sum of twenty-five million dollars (\$25,000,000)
35 shall be available, upon appropriation by the Legislature, from the
36 fund to the department to support projects to demonstrate
37 agricultural management practices and activities that reduce
38 greenhouse gas emissions and increase carbon storage in
39 agricultural soils and woody biomass, including, but not limited
40 to, all of the following:

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

4 (2) Irrigation efficiency and water conservation measures,
5 including soil-moisture monitoring, irrigation scheduling,
6 high-efficiency water delivery technologies, dry farming, and
7 on-farm water catchment.

8 (3) Alternative-energy production and energy efficiency,
9 including energy produced from agricultural waste from a farm or
10 at ~~a~~ *an agricultural* processing facility located in the state, and
11 improved on-farm ~~operational~~ *energy* efficiencies.

12 (4) Wildlife habitat conservation, including hedgerow planting,
13 native grass planting and restoration, agroforestry, and managed
14 grazing for enhanced habitat.

15 (b) The department, in consultation with the panel, shall develop
16 and implement a grant program to carry out the purposes of this
17 article.

18 (c) The secretary and the Secretary of the Natural Resources
19 Agency shall enter into a memorandum of agreement among the
20 department, the Department of Conservation, and other relevant
21 state agencies to ensure the greatest possible coordination and
22 collaboration in implementing the programs and projects funded
23 pursuant to this section.

24 SEC. 6. Section 39719 of the Health and Safety Code is
25 amended to read:

26 39719. (a) The Legislature shall appropriate the annual
27 proceeds of the fund for the purpose of reducing greenhouse gas
28 emissions in this state in accordance with the requirements of
29 Section 39712.

30 (b) To carry out a portion of the requirements of subdivision
31 (a), annual proceeds are continuously appropriated for the
32 following:

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

38 (A) Ten percent of the annual proceeds of the fund is hereby
39 continuously appropriated to the Transportation Agency for the
40 Transit and Intercity Rail Capital Program created by Part 2

1 (commencing with Section 75220) of Division 44 of the Public
2 Resources Code.

3 (B) Five percent of the annual proceeds of the fund is hereby
4 continuously appropriated to the Low Carbon Transit Operations
5 Program created by Part 3 (commencing with Section 75230) of
6 Division 44 of the Public Resources Code. Moneys shall be
7 allocated by the Controller, according to requirements of the
8 program, and pursuant to the distribution formula in subdivision
9 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
10 the Public Utilities Code.

11 (C) Twenty percent of the annual proceeds of the fund is hereby
12 continuously appropriated to the Strategic Growth Council for the
13 Affordable Housing and Sustainable Communities Program created
14 by Part 1 (commencing with Section 75200) of Division 44 of the
15 Public Resources Code. Of the amount appropriated in this
16 subparagraph, no less than 10 percent of the annual proceeds of
17 the fund shall be expended for affordable housing, consistent with
18 the provisions of that program and no less than ~~two~~ 2 percent of
19 the annual proceeds of the fund shall be expended for agricultural
20 land protection consistent with Section 75217.5 of the Public
21 Resources Code.

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

- 29 (A) Acquisition and construction costs of the project.
- 30 (B) Environmental review and design costs of the project.
- 31 (C) Other capital costs of the project.
- 32 (D) Repayment of any loans made to the authority to fund the
33 project.

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

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

39 75217.5. (a) The Legislature finds and declares all of the
40 following:

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

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

10 (3) The 2014 program guidelines establish grant programs for
11 the 2014–15 fiscal year to promote agricultural lands strategic
12 planning and agricultural land conservation easements, but the
13 guidelines do not establish a grant program to provide incentives
14 for agricultural land management practices.

15 (b) (1) The council, no later than the 2015–16 fiscal year, shall
16 establish and administer a grant program, as part of the Sustainable
17 Agricultural Lands Conservation Program, to provide financial
18 incentives for the adoption and use of land management practices
19 that reduce greenhouse gas emissions, sequester carbon in soil and
20 woody biomass, and provide other cobenefits on working
21 agricultural operations. The council shall consult with the
22 Department of Food and Agriculture and the Environmental
23 Farming *Science* Advisory Panel, established pursuant to Section
24 568 of the Food and Agricultural Code, when developing the grant
25 program and guidelines.

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