



May 18, 2018

Budget

The Senate Budget Subcommittee on Resources, Environmental Protection, Energy and Transportation finished its work this week when it took action on all issues that had not yet been decided. The Assembly Budget Subcommittee has not yet taken final action on a number of issues. Any issues where there is disagreement between the two subcommittees will be decided by the Budget Conference Committee made up of legislators from both the Senate and Assembly.

Actions by the Senate Subcommittee were as follows:

Forest Carbon Plan Implementation: California's recent wildfires were the deadliest, costliest and most destructive in the state's history. When coupled with California's Tree Mortality crisis (129 million dead and/or dying trees) brought on by years of drought and beetle infestation, California's forest lands need significant investment for forest management improvements. In January, Governor Brown proposed \$160 million in funding to support Cal-Fire's efforts related to forest improvement and fire prevention projects. This funding would help reduce fuel loads in the forests, and decrease potential impacts to California's watersheds and communities. The May Revision proposed an additional \$96 million in funding to increase pace and scale of prescribed fire and fuel reduction, forest health restoration, and support programs that would encourage new markets for wood products.

The Senate Subcommittee voted to approve the additional \$96 million. The California Farm Bureau Federation is supportive of efforts that increase the pace and scale of forest management efforts and reduce the risk of catastrophic wildfire.

In lieu of and separate from the fertilizer and water tax budget trailer bill language proposed by the Administration and Senator Monning the Subcommittee voted to approve the following under Safe and Affordable Drinking Water:

Two-year limited term \$1.6 million General Fund and nine positions in SWRCB for mapping areas of high risk for drinking water contamination and process drinking water data provided by local agencies and to assess the total amount of annual funding needed to assist water systems in the state to provide safe drinking water.

One-time \$68.5 million from the General Fund for emergency relief; \$10 million for well replacement, septic system replacement, permanent connections to public systems, well abandonment, septic system abandonment, Point of Use and Point of Entry water treatment systems and debt relief; \$3.5 million for water tanks for homes that have had wells recently go dry and continue to supply water tanks with water as an emergency measure while households await new wells or upgrades to community water systems; \$10 million to the SWRCB's Drinking Water for schools infrastructure improvements; and \$45 million for drinking water infrastructure improvement projects.

\$45 million from Proposition 2 Rainy Day Fund for fiscal year 2019-20 and ongoing to fund drinking water infrastructure projects.

The SB 623 framework for a fertilizer and water tax was not brought up and voted on by the Subcommittee, therefore it is not up for discussion before the full Senate Budget Committee next week.

Fish and Wildlife Funding: The Governor had proposed in his January budget to provide an additional \$57 million in funds to the Department of Fish and Wildlife. \$26 million of the proposed funds were to have come from the fee assessed on tire purchases. The revenues from these fees currently go to the Carl Moyer program to pay for upgrades to trucks and other diesel equipment to improve air quality. Farm Bureau opposed this fund transfer and the

Subcommittee rejected the Governor's funding proposal. Instead the Subcommittee voted to provide \$19.6 million from the General Fund to DFW as well as \$4 million to contract for an audit of DFW's budget to determine the full costs of DFW's activities.

Agricultural Diesel Engine Replacement and Upgrades: The Governor's May Revise included an additional \$30 million to go towards replacing and upgrading diesel engines. The Subcommittee voted to approve the additional funds, which brings the total amount available to \$132 million. These funds would be distributed through ARB's FARMER program. Farm Bureau supported the addition of these funds.

Agricultural Energy Efficiency Program: The Governor's May Revise included an additional \$30 million to go towards implementation of greenhouse gas reducing projects by food processors. The Subcommittee rejected the Governor's proposal, which leaves only \$34 million available for this purpose. However, this item could still be funded if the Assembly Committee approves the funding and the Budget Conference Committee rejects the Senate Subcommittee's recommendation. Farm Bureau supports the addition of these funds and was disappointed by the Subcommittee's action.

Citrus Pest and Disease Prevention Program: The Governor proposed a total of \$5 million available to enhance CDFA's efforts to address Asian Citrus Psyllid (ACP) and Huanglongbing (HLB). The Subcommittee rejected the Governor's proposal and instead voted to authorize \$10 million in General Fund dollars for ACP and HLB suppression and enforcement activities. The Subcommittee also voted to authorize \$5 million to suppress diseases spread by the Polyphagous and Kuoshio Shot Hole Borer.

Nutria Detection and Survey: The Subcommittee approved the Governor's proposal to provide \$400,000 to survey and detect the presence of Nutria, an invasive rodent that causes significant damage to wetlands, water infrastructure, and crops. The survey and detection work will assist with DFW's eradication efforts.

Healthy Soils: The Subcommittee voted to appropriate \$10 million from the General Fund for CDFA's Health Soils Program to incentivize farmers to implement projects on farms and ranches that sequester carbon, reduce greenhouse gas emissions, and improve soil health.

Cannabis/Industrial Hemp

The Bureau of Cannabis Control, California Department of Food and Agriculture and the California Department of Public Health have proposed to readopt their emergency regulations governing commercial cannabis activity that are currently in effect for another 180-day period. There are some changes to the regulations, specifically, allowing an entity to complete one license application for both medicinal and adult use cannabis. With respect to cultivation, the changes include: (1) CDFA will authorize licenses to conduct business with one another (i.e. medicinal nurseries can provide product to an adult use cultivator);

(2) defined canopy for all license types and light deprivation; and (3) have added cultivation plan, water source, and water quality protection evidence from the local or state water boards. Draft regulations can be found [here](#). *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

The Senate Business and Professions Committee and Governance and Finance Committee held a joint informational hearing in Sacramento on Monday, May 14th to discuss how to ensure equity in the commercial cannabis market in California. Presenters included representatives from criminal justice reform advocates, state and local representatives, and equity and cannabis industry advocates. The full hearing can be viewed [here](#). *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

Senator Anthony Cannella (R-Ceres) is authoring [SB 1459](#), which would authorize County Agricultural Commissioners to include cannabis cultivation data as an addendum to annual crop reports. The bill has now passed the Assembly and is slated to be set for a policy committee in the Senate. Farm Bureau is working with the author and sponsor (Monterey County) to ensure Food and Agriculture Fund dollars cannot be utilized to pursue cannabis data collection. *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

The California Industrial Hemp Advisory Board will host its next meeting on Wednesday, May 30th in Sacramento from 10am to 12pm. Items for discussion include legislation and registration fees. The meeting will be livestreamed and available [here](#). *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

Commodities

The following bills, [AB 2166](#) (Anna Caballero-D, Salinas) and [AB 2106](#) (Eduardo Garcia-D, Coachella), have been sent to the suspense calendar in Assembly Appropriations Committee, meaning they would have significant fiscal impacts to the State. AB 2166 is known as the California Farm Bill and would fund various activities related to agricultural technology; AB 2106 would increase the purchase preference for state institutional purchases of California-grown produce from 5 to 10%. Next week, the Committee will take up suspense calendar items and determine if the policy benefits outweigh the state costs or if amendments can rectify unsubstantiated costs. These items must pass Appropriations Committee by May 25th. *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

Forestry/Timber

[SB 1414](#) (Beall, D-San Jose) would fundamentally undermine the existing Timber Harvest Plan (THP) review process, and establish a new precedent that could be replicated and misused against other private land owners. SB 1414 is set to be heard in the Senate Appropriations Committee on Tuesday, May 22. The California Farm Bureau Federation continues to oppose this legislation. *Staff contact: Robert Spiegel at 916-446-4647 or rspiegel@cfbf.com*

[AB 2518](#) (Aguiar-Curry, D-Winters) would require the Department of Forestry and Fire Protection (CAL-FIRE) to explore markets for the expansion of innovative forest products and mass timber. AB 2518 is an effort to promote forest-products and biomass utilization which could help bring new economic prosperity to California's rural economies. This legislation should also facilitate an increase in-state manufacturing and in the demand for California's wood products, particularly those products produced from woody biomass. AB 2518 passed unanimously in the Assembly Appropriations Committee and is awaiting a full vote of the Assembly. The California Farm Bureau Federation is in support of this legislation. *Staff contact: Robert Spiegel at 916-446-4647 or rspiegel@cfbf.com*

Invasive Species

The Senate Subcommittee on Invasive Species held a hearing on “The Invasive Rodent Nutria and Its Effect on Our Levees and Agricultural Land.” The committee heard updates on the status of efforts to eradicate Nutria from the Department of Fish and Wildlife and California Department of Food and Agriculture. The committee also heard from Stephen Kendrot with USDA – Animal Plant Health Inspection Service who led the effort to successfully eradicate Nutria from the Chesapeake Bay. Nutria were introduced to California for the fur-trade, but were eradicated by the 1970’s. In 2017, a population of Nutria were found in the San Joaquin Valley and as of February they have been confirmed in Stanislaus, Tuolumne, Merced, and Fresno counties. Nutria destroy wetland vegetation and crops as well as damage levees through their burrowing. Farm Bureau testified to urge coordination between agencies and use all possible tools to improve the chance of success at eradication. *Staff contact: Noelle Cremers, ncremers@cfbf.com or (916) 446-4647.*

Land Use

The bill that would dissolve the North Coast Railroad Authority (NCRA) and transfer its assets to the Sonoma-Marín Rail Transit District (SMART) and the newly-created Great Redwoods Trail Agency, [SB 1029](#) (Mike McGuire, D-Healdsburg) was heard in Senate Appropriations Committee on Monday and was sent to suspense calendar, given unmitigated financial impacts to the state. Next week, the Committee will take up this bill. California Farm Bureau Federation is opposed, unless amended. To note, Senator McGuire has requested \$4.1 million over the next two years to fund Caltrans’ efforts to do an inventory of the NCRA’s right-of-way and initiate an environmental assessment related to railbanking. *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

Pollinators

Dr. Joaquin Arambula (D-Fresno) has authored [AB 2468](#), which would amend notification and registration requirements for apiarists importing or moving hives in California. The bill would also identify failure to comply with these provisions as unlawful, with enforcement by County Agricultural Commissioners. AB 2468 has passed the Assembly and is awaiting assignment to a policy committee in the Senate. The bill is sponsored by CACASA; California Farm Bureau Federations is neutral. *Staff contact: Taylor Roschen at 916-446-4647 or troschen@cfbf.com*

Taxation

[SB 993](#) (Hertzberg, D-Van Nuys) would impose a new tax on all services purchased by businesses in California. The state excise tax on business services would begin in 2020 at a rate of .75% and would increase to 3% by the year 2022. California’s farmers and ranchers would likely see increase costs from food suppliers, veterinarians, crop planting, harvesting and preparation services, pesticide applicators, etc.–essentially most services that are not conducted in-house by employees of an agricultural operation. The bill was held over in the Senate Governance and Finance Committee for further discussion, and will be voted on in June. California Farm Bureau Federation is one of more than 90 organizations opposing SB 993. *Staff contact: Robert Spiegel at 916-446-4647 or rspiegel@cfbf.com*

[SCA 22](#) (Allen, D-Santa Monica) would allow a local government to increase school parcel taxes by lowering the voter threshold to 55% of the electorate, instead of the two-thirds vote as required under current law. California Farm Bureau has clear policy stating, “The imposition of parcel taxes should require a two-thirds vote of the electorate.” SCA 22 passed in the Senate Elections and Constitutional Amendments Committee by a vote of 4-1. The bill now awaits further action in the Senate Appropriations Committee. California Farm Bureau Federation is part of a coalition opposing the legislation. *Staff contact: Robert Spiegel at 916-446-4647 or rspiegel@cfbf.com*

Water

Requiring nursery growers and retailers to label all plants produced in California for their water use was put on the Assembly Appropriations Committee Suspense File this week. [AB 2371](#) (Wendy Carrillo, D-Los Angeles) would require the Secretary of the Department of Food and Agriculture to adopt regulations to require nursery stock be labeled for its water use. Farm Bureau, San Diego County Water Authority and others have offered amendments removing water use labeling requirements. Farm Bureau is opposed unless amended. *Staff contact: Danny Merkley at 916-446-4647 or dmerkley@cfbf.com*

A Farm Bureau sponsored measure that would add clarifying language to Section 1601 of the Fish and Game Code was put on the Assembly Appropriations Committee Suspense File this week. [AB 2545](#) (James Gallagher, R-Yuba City) would define “stream” and “river”. Farm Bureau and the author continue to negotiate a path forward with the Department of Fish and Wildlife that will give clarity to when and where a Lake and Streambed Alteration Agreement is needed. *Staff contact: Danny Merkley at 916-446-4647 or dmerkley@cfbf.com*

Wildlife

Farmers and ranchers will now need to follow best management practices to protect birds if they want liability protection from incidental take of migratory birds. [AB 2627](#) (Ash Kalra, D-San Jose) requires the Department of Fish and Wildlife (DFW) to create best management practices for activities that may take migratory birds. It is unclear how take would be handled, particularly in timber harvest plans, before DFW has created best management practices. Additionally, the bill does not recognize the existing federal depredation orders that allow take of specific bird species that are a threat to agriculture. AB 2627 was placed on the Assembly Appropriation Committee’s suspense file this week. Action on the suspense file will be taken May 25th. *Staff contact: Noelle Cremers at (916) 446-4647 or ncremers@cfbf.com.*