



June 15, 2018

The California State Legislature was ahead of schedule, passing the 2018-19 Budget Act to the Governor for signature or veto on Thursday evening, one day before today's deadline. The \$199.6 billion State Budget articulates a very positive economic outlook, with a projected \$9 billion surplus. The Legislature's budget proposes to direct \$16 billion in excess revenue to various reserve funds, and direct greater General Funds towards policy initiatives related to K-12 education (\$78 billion--\$30 billion more than during the Great Recession), homelessness (\$500 million in grants to local jurisdictions) and boosts funding to the California State University and University of California systems (\$344 million one-time to managed increased enrollment). Republican lawmakers have continued to express concern that the proposed budget does not adequately address ongoing pension liabilities and have been frustrated by the attempt to include policy directives in the state budgeting process. The Budget now moves on to the Governor's desk with a mandate for signature or veto before the start of the next fiscal year (July 1st). Items of note to agriculture include:

- An extension of career technical education funding (\$100 million increase from the Governor's proposed \$200 million appropriation) to be administered in the Career Technical Incentive Grant Program and the Strong Workforce Program;
- \$20 million ongoing for the CA Department of Food and Agriculture (CDFA) to survey, detect and treat for Huanglongbing and its host, Asian Citrus Psyllid;
- \$8 million for research and outreach regarding Valley Fever;
- \$1.9 million and additional staffing to enact the Bee Safe Program, at CDFA which includes greater enforcement of unmanaged hives, identification of foraging habitats and interim movement of hives during pesticide applications, and addressing bee theft;
- \$10 million for the CA Nutrition Incentive Matching Grant Program at CDFA, which increasing the purchasing power of those using CalFresh to purchase CA-grown fruits, nuts and vegetables at certified farmers' markets;
- \$5 million for the Healthy Stores Refrigeration Grant Program at CDFA, which would provide grants to small business and corner stores in food deserts to purchase energy efficient refrigeration units to feature CA-grown fruits, nuts, vegetables and minimally-processed foods; and
- \$2 million for invasive pest detection and management, including shot hole borer.

In the following weeks the Legislature will consider numerous trailer bills with proposed various investments in natural resources, the environment, transportation and education. These may include funding relative to agricultural issues. The Legislature may also take under considerations, investments from Cap and Trade revenues for agriculture. Farm Bureau will be tracking these measures through the process. *Staff contact: Jim Houston, jhouston@cfbf.com or 916-446-4647.*

CEQA

The Senate Environmental Quality Committee will hear [AB 2447](#) (Eloise Gomez Reyes, D-Grand

Terrace) next week. AB 2447 would increase the notification requirements and scoping meeting obligations for projects subject to the California Environmental Quality Act (CEQA) if the siting for such a project occurs within one-half mile of a disadvantaged community or within a land use listed by the Office of Health Hazard Assessment as containing hazardous materials, toxic air contaminants, criteria air pollutants or water contamination. These new requirements, may then presumably apply to nearly all agricultural operations. Farm Bureau is leading a broad coalition of agricultural associations in opposition to the bill, unless it is amended to provide an agricultural exemption. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Climate Change

The Natural Resources Agency is currently working with the Air Resources Board and California Department of Food and Agriculture to develop an updated climate change implementation plan for natural and working lands. The intent of this plan is to ensure that natural and working lands can serve as a sink for carbon rather than a source of carbon emissions. The plan is expected to include acreage goals for conservation, restoration, and management activities that will increase carbon sequestration on these lands. In developing the implementation plan, the agencies are hosting regional meetings to get input on this plan. More information on the regional meetings can be found [here](#). Farm Bureau submitted comments regarding the development of the implementation plan recommending that the plan recognize the carbon sequestration benefits that agriculture provides. Farm Bureau also requested that actions recommended by the plan balance the societal and economic values that California's working lands provide. *Staff contact: Noelle Cremers at (916) 446-4647 or ncremers@cfbf.com.*

Conservation

Applications and nominations are now being accepted for the 2018 California Leopold Conservation Award. The award, co-sponsored by Sustainable Conservation, the Sand County Foundation and the Farm Bureau, is provided annually to a farmer or rancher that strives to protect and restore natural resources as part of their operations. The award recipient will receive a trophy and \$10,000. To learn more, please visit [here](#). *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Forestry

[AB 2518](#) (Aguiar-Curry, D-Winters), would direct the Department of Forestry and Fire Protection (CAL-FIRE), in collaboration with the State Board of Forestry and Fire Protection, to identify barriers to in-state production of mass timber and other innovative forest products and develop solutions to those identified barriers, has been referred to the Senate Natural Resources and Water Committee. Farm Bureau is supportive of the legislation as an effort to promote forest-products and biomass utilization which could help bring new economic prosperity to California's rural economies. Additionally, AB 2889 (Caballero, D-Salinas), which would establish timber harvesting plan submitter assistance and streamline the approval process for a timber harvest plan was also referred to the Senate Natural Resources and Water Committee; both bills are set for the June 26th hearing in the Senate. *Staff contact: Robert Speigel, rspeigel@cfbf.com or 916-446-4647.*

Land Use

Friday readers will remember [SB 1029](#) (Mike McGuire, D-Healdsburg), which would dissolve the existing North Coast Rail Authority and transfer the rights for 300+ miles of rail line to the Sonoma-Marín Rail Transit District (mile post 0-142.5 in Willits) and the newly create Great Redwoods Trail Agency (mile post 142.5-300.5) to create a hiking, biking, riding trail and potential transit lines. In addition to the bill,

Senator McGuire had requested \$4.1 million in the budget to perform deferred maintenance on crossings, survey the Authority's existing right-of-way and initiate an environmental assessment. This budgetary request failed. Farm Bureau is opposed to the legislation unless significant amendments are made in the interest of property owners and local control. The bill has been assigned to Assembly Transportation Committee to be heard on June 25th. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Transportation

Farmers and ranchers will be given another opportunity to sign-up their agricultural trucks under the Air Resources Board's Truck and Bus Rule if [AB 345](#) (Anna Caballero, D-Salinas) passes the legislature. Farm Bureau is sponsoring this bill to reduce the impacts of the requirement beginning in 2020 that DMV deny vehicle registrations for trucks that are out of compliance with ARB's Truck Rule. Additionally, this bill would reinstate some portions of the Truck Rule that were eliminated due to a lawsuit by the California Trucking Association. In addition to allowing ag trucks to be signed up under the Truck Rule, the bill also continues the low-use compliance option for trucks driven less than 5,000 miles annually. AB 345 (Caballero) is expected to be heard in the Senate Environmental Quality Committee on June 20th. Members represented by Senators Wieckowski, Stone, Gaines, Hill, Lara, Skinner, and Stern are asked to contact their offices and request that they support AB 345. Farm Bureau's letter of support can be found [here](#). *Staff Contact: Noelle Cremers at 916-446-4647 or ncremers@cfbf.com*

Water

The State Water Resources Control Board held Water Quality and Water Rights Fees Stakeholder meetings this week to give fee payers an overview of budget cost drivers for the 2018-19 Waste Discharge Permit Fund (WDPF) and Water Rights Fund. The projected changes in fees is based on the condition of the funds and the May Revised Budget. The next meeting will be in August to reflect the recently adopted State Budget.

The WDPF houses funds for eight programs which include the (1) National Pollution Discharge Elimination System, (2) Storm Water, (3) Waste Discharge Requirements (or General Orders), (4) Land Disposal, (5) 401 Certification, (6) Confined Animal Facilities (CAF), (7) Ag Lands (formerly the Irrigated Lands Regulatory Program), and (8) Cannabis. Cannabis continues to be kept structurally separate in the WDPF.

1. The CAF program needs an 8.3 percent increase to be fully funded. Staff may propose a partial fee increase in September of 4.0 percent.
2. The Ag Lands program needs a 15.6 percent increase to be fully funded. Staff may propose a partial fee increase in September of 7.0 percent.

The beginning balance for the Water Rights Fund in fiscal year 2017-18 was \$3.3 million. Total estimated revenue is \$23.3 million with total estimated expenditures of \$23.1 million, resulting in an ending balance of \$3.4 million and a fund reserve of approximately 16.8 percent, however the fund currently faces a \$1 million structural deficit. The Sustainable Groundwater Management Act (SGMA) is kept structurally separate within the Water Rights Fund. New requirements for annual online reporting of water diversions have increased reporting by approximately 2 ½ times and costs by \$1.9 million.

Water Board staff discussed five options to address projected shortfalls in the fund. For detailed information regarding these options and the meeting handouts go to:

<https://www.waterboards.ca.gov/resources/fees/stakeholder/>

The Water Board is expected to adopt the 2018-19 fee schedule in September. *Staff contact: Danny Merkley, 916-446-4647; dmerkley@cfbf.com*