



September 21, 2018

Air Resources

The Air Resources Board (ARB) will be selecting communities for inclusion in its Community Air Protection Program as well as adopting the Community Air Protection Blueprint at its next Board meeting on September 27th. This program was created by the passage of [AB 617](#) (Cristina Garcia, D-Bell Gardens, 2017) and requires the identification of communities with high cumulative exposure to toxic air contaminants and criteria pollutants, monitoring programs to identify the sources of pollutants and, efforts to reduce emissions of these pollutants. ARB staff have recommended ten communities for inclusion in the first round of community selection, as additional communities will be added in subsequent years. The communities proposed that are of particular interest to agriculture are Calexico, El Centro, and Heber; Shafter; and South Central Fresno.

The Blueprint outlines the processes ARB will follow when selecting communities for inclusion in the program, strategies for reducing emissions, and requirements for the development of community air monitoring systems. Farm Bureau provided comments on the draft Blueprint to point out the importance of balancing the costs against any potential benefits created by the program and urging the effectiveness of any efforts undertaken to improve air quality. Farm Bureau will testify at next week's hearing and will continue to urge that the monitoring efforts are done in a scientifically valid manner and that farming is not taken out of production as a way of addressing air emissions. *Staff contact: Noelle Cremers at (916) 446-4647 or ncremers@cfbf.com.*

Cannabis

The California Department of Food and Agriculture hosted one of six workshops throughout the state to discuss a framework for the CalCannabis Appellations Project, which requires the State to establish appellations of "standards, practices and varieties" for cannabis and cannabis products. The three remaining workshops will be the following:

- *Monday, September 24*—Riverside County, 4 p.m. to 7 p.m., University of California, Riverside, Palm Desert Center, Building B114-B117 75080 Frank Sinatra Drive, Palm Desert, CA 92211
- *Tuesday, September 25*—Santa Barbara County, 4 p.m. to 7 p.m., Embassy Suites by Hilton, South Jalama Room, 1117 North H Street, Lompoc, CA 93436
- *Wednesday, September 26*—Monterey County, 4 p.m. to 7 p.m., Monterey Conference Center, Colton Room, 1 Portola Plaza, Monterey, CA 93940

The Governor has acted on a series of cannabis bills of note to Farm Bureau. AB 1863 (Reginald Jones-Sawyer, D-Los Angeles) would have allowed commercial cannabis operators to deduct business expenses under the Personal Income Tax Law. Citing the financial pressure on the state's general fund, that this dedication would allow, the Governor has vetoed this bill. He has also vetoed AB 1996 (Tom Lackey, R-

Palmdale) which would have allowed the Center for Cannabis Research (based out of the University of California, San Diego) to cultivate cannabis for use in research and conduct clinical trials to test for harmful contaminants, mold and bacteria. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Dairy

[SB 1039](#) (Richard Pan, D-Sacramento), a bill which would allow ultra-filtered milk products to be marketed and sold in California, has been signed by the Governor. The bill allows CDFA to establish milk standards for these products, including Fairlife, currently distributed by The Coca-Cola Company. Friday Review readers may also remember SB 1192 (Bill Monning-D, Carmel) which was signed by Governor Brown. The bill requires a restaurant to offer milk, water (still, sparkling or flavored), or a nondairy substitute as the default beverage served in children’s meals. Farm Bureau did not have a position on the bill but did work with the author to ensure that dairy and nondairy substitute products were eligible. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Energy

[SB 1131](#) (Robert M. Hertzberg, D-Van Nuys) was signed by the Governor. This bill would clarify eligibility and the standard of review for energy efficiency improvements in the agricultural and industrial sectors. SB 1131 provides greater transparency and clear timelines for the industrial, agricultural and large commercial sector energy efficiency programs. It would require: (1) energy efficiency projects be measured against publicly-available guidelines and according to specific timelines; and (2) requests for information, rejections, and suggested modifications be provided in writing, with accompanying explanations and according to specific timelines. CFBF consistently supported the bill. *Staff Contact Karen Mills, KMills@cfbf.com or 916-446-4647.*

Forestry

[AB 2889](#) (Anna Caballero, D-Salinas), was signed by Governor Brown. AB 2889 will establish timber harvesting plan submitter assistance and help streamline the approval process for a timber harvest plan. Farm Bureau was supportive of the legislation and part of a larger coalition of business, forestry and agricultural interests. Additionally, [AB 2518](#) (Cecelia Aguiar-Curry, D-Winters), a bill which directs 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, was also signed by Governor Brown. Farm Bureau was supportive of both bills and appreciates the Governor’s support. *Staff contact: Robert Spiegel, rspiegel@cfbf.com or 916-446-4647.*

Land Use

[AB 2258](#) (Anna Caballero, D-Salinas) has been vetoed by Governor Brown. In accordance with findings by the Little Hoover Commission of smaller districts’ financial deficiencies, this bill would have required the Strategic Growth Council, in consultation with the CA Association of Local Area Formation Commissions, to establish a grant program for local area formation commissions (LAFCOs) to initiate or complete the dissolution of an inactive district—namely, for associated service need studies and reorganization plans. The Governor vetoed the bill stating, “the new spending proposal should be evaluated in the annual budget process where it can be weighed together with the state’s other spending priorities.” *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Governor Brown vetoed a bill that would have required the designation of broad swaths of the state as habitat resilience areas and strongholds and required the state to protect and enhance stronghold areas.

[AB 2528](#) (Richard Bloom, D-Santa Monica) would have required the state to designate “source watersheds,” which are water systems in the Cascade Mountains, Modoc Plateau, and Feather River headwaters that provide groundwater recharge; coastal estuaries over two acres in size; mountain meadows in the Sierra Nevada, Modoc Plateau, Warner Mountains, Southern Cascades, or Sierra or Cascade foothills; and “strongholds,” which are watersheds of the Smith River, Salmon/Mid-Klamath River system, Sacramento River, Mattole/South Fork Eel River system, Big Sur, and Santa Clara that support the largest populations of salmon, steelhead, and trout or populations of these fish with critical genetic diversity. Once these areas are designated, they are to be included in the state’s climate adaptation strategy, “Safeguarding California.” Current law requires the state to protect and enhance species strongholds, which meant that if AB 2528 had been signed, the state would have required additional protections for salmonids in the areas of the state the bill designated as strongholds. CFBF worked with a coalition of agricultural, forestry, and business groups to oppose the bill. *Staff Contact: Noelle Cremers at (916) 446-4647 or ncremers@cfbf.com.*

Marketing

Governor Brown has signed [SB 946](#) (Ricardo Lara, D-Bell Gardens) into law, which will authorize a local jurisdiction to adopt a sidewalk vending policy dictating time, manner and health and safety considerations. Farm Bureau was successful in amending the bill to allow local jurisdictions to restrict sidewalk vending within proximity of a certified farmers’ market. With that amendment, Farm Bureau was neutral. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Miscellaneous

Governing weights and measures, the Governor has signed, [AB 347](#) (Ed Chau, D-San Gabriel Valley), a bill which extends the authority for county sealers to recover costs for inspection and testing of weighing and measuring devices (scales, gas station pumps, water/gas meters, etc.) until January 1, 2022. The bill also increases the inspection fee from \$20/scale to a maximum assessment of \$23/scale. This bill was sponsored by the California Agricultural Commissioners and Sealers Association (CACASA). *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Pesticides

The California Department of Pesticide Regulation hosted a workshop in Sacramento discussing environmental justice and pesticide safety. Presentations from representatives from DPR and the Central California Environmental Justice Network discussed online reporting for pesticide-related incidents, multilingual outreach, training and data collection. The workshop was webcast and can be viewed in archives [here](#). *Staff contact: Jim Houston, jhouston@cfbf.com or 916-446-4647.*

The California Department of Pesticide Regulation has begun accepting public comment on a proposal to designate chlorpyrifos as a toxic air contaminant, which would lead to further restricted use in California. Comments will be accepted for the next 45 days. DPR will host a public hearing on November 8th at 2pm at the California Environmental Protection Agency (1001 I Street, Sacramento) in the Sierra Hearing Room. Farm Bureau will be submitting a public comment. *Staff contact: Jim Houston, jhouston@cfbf.com or 916-446-4647.*

Water

The State Water Resources Control Board adopted emergency regulations this week revising their core regulatory fee schedules for water quality programs in the Waste Discharge Permit Fund and water rights fees in the Water Rights Fund.

The base Water Rights Permit & License Annual Fee increased from \$150 to \$225, and the per acre-foot charge increased from \$0.069 per each acre-foot greater than 10 acre-feet to \$0.073 per each acre-foot greater than 10 acre-feet, a 5.8% increase. The caps on water right application and petition filing fees increased by 2.94% based on the consumer price index, the water right application cap increased from \$518,899 to \$534,155, the change petition cap increased from \$6,518 to \$6,710, and the change petition involving a transfer of water cap increased from \$518,899 to \$534,155.

Additionally, the board approved the following water rights fee increases for FY 2018-19:

- Temporary Permit for Underground Storage from High-Flow Events: From \$100 plus \$1.00 per every 100 acre-feet of water diverted in excess of 10,000-acre feet to an initial fee of \$5,000 plus \$0.10 per acre-foot of diversion requested and a renewal fee of \$1,500 plus \$0.20 per acre-foot of actual flow diverted.
- Small Domestic Registrations (SDU): Maintain the \$250 registration fee while changing the renewal fee from \$100 every five years to an annual fee phased in at \$50 for FY 2018-19, \$75 for FY 2019-20, and \$100 for FY 2020-21. Provide a discount for qualified low-income residents if the SDU is to provide water for human consumption, cooking and sanitary purposes. A low-income resident is: (1) someone whose household income is 200 percent or less of federal poverty level (e.g. household 1 to 2: \$32,480); or (2) someone who is enrolled in a qualified public assistance program. The proposed discount would amount to 20 percent of the proposed \$100 fee and would be phased-in the following manner: \$40 fee (FY 2018-19); \$60 (FY 2019-20); \$80 (FY 2020-21) and every year thereafter.
- Livestock Pond Registration: Maintain the \$250 registration fee while changing the renewal fee from \$100 every five years to an annual fee phased in at \$50 for FY 2018-19, \$75 for FY 2019-20, and \$100 for FY 2020-21. Set the maximum fee for a single primary owner holding 5 or more registrations at \$250 (FY 2018-19), \$375 (FY 2019-20) and \$500 (FY 2020-21).
- Small Irrigation Use (AB 2121 Area/Non-Cannabis Commercial Crops): From a \$250 registration fee/\$100 renewal fee every five years to \$750 registration fee/\$100 annual fee.
- Pending Application Annual Fee: Base fee from \$150 to \$750 and the per acre-foot charge by 5.8 percent, increasing from \$0.069 per each acre-foot greater than 10 acre-feet to \$0.073 per each acre-foot greater than 10 acre-feet.

The board also approved a 6.2% increase to the Confined Animal Facilities fees, deferring an additional 6% increase to next year to make up the current 12.2% structural deficit. The Ag Lands Program fees were increased 8.9%, deferring an additional 8.5% increase to next year to make up the current 17.4% structural deficit. The staff's proposal to establish a new fee for dischargers that are members of a group that provides monitoring-only services and manages the fee collection for members but does not coordinate water quality monitoring and best management practice development, training and implementation, and generally assists its members with complying with the WDRs was not adopted by the board. Staff will work with fee payers and regional board program staff to develop a fee structure over the next year. *Staff contact: Danny Merkley, at dmerkley@cfbf.com or 916-446-4647.*

Wildfire

SB 901 (Bill Dodd, D-Napa) was signed into law by Governor Brown on Friday, September 21, 2018. SB 901 is a comprehensive forest management, wildfire safety and utility infrastructure proposal that includes the following topics: Utility Fire Prevention and Planning; Forestry and Landscape Management; CPUC Reasonableness Reviews; IOU Ratepayer Protection Bonds; Mutual Aid for Fire response; IOU Executive Compensation; Jobs and Worker Protections; Significant Investment for Forestry, Fire, and Carbon Reduction Activities; and Establishment of a Commission Regarding Wildfire Damages.

SB 901 contains meaningful reforms to California's forest management practices and was a public acknowledgment that decades of forest regulations and fire suppression efforts have increased wildfire risk. CFBB recognized that the legislative responses in SB 901 are a good first step towards advancing a more active forest management agenda and supported the forest management components in the legislation. These components include:

- A five-year appropriation of \$200 million annually from the Greenhouse Gas Reduction Fund (GGRF) for healthy forest and fire prevention programs;
- A five-year extension for several of the state's biomass facilities and allowance for monthly reporting for some contracts in exchange for additional fuel flexibility;
- Regulatory streamlining for prescribed fire, thinning and fuel reduction projects on federal lands if a state or local agency is conducting projects under federal Good Neighbor Authority;
- Requirement that conservation easements purchased with state funds be maintained and improved for forest health;
- Establishing the Wildfire Resilience Program which will provide technical assistance to nonindustrial timberland owners, including help in navigating the extensive permitting process; Creation of a new Small Timberland Owner Program for landowners with less than 100 acres;
- Expanding the existing Forest Fire Prevention Pilot Program by allowing the construction of up to 600 feet of temporary roads for the purposes of treating and thinning forests.

Despite the very positive forestry elements, the provisions of the bill balancing ratepayer and shareholder responsibility for damages related to wildfires associated with utility infrastructure raised concerns. Specifically:

- Methodologies to be used for both 2017 damages and 2019 and later damages rely on interpretations by the CPUC to weigh factors that do not adequately address the impacts to ratepayers from the potential costs. (Proposed Public Utilities Code sections 451.1 and 451.2)
- The utility fire prevention and planning provisions do not provide the necessary incentives to the utilities to spend their resources prudently on systems and infrastructure. Because the plans encompassing the expenditures will be linked to reviews of performance, without appropriate CPUC oversight ratepayers face overpaying for systems that do not assure safety and reliability will be achieved. Cost review of implemented plans may come too late for meaningful oversight of expenditures.

CFBB recognized the momentum the bill provides for solutions to forest management should not be lost. However, it was neutral on the bill because of the need for action to assure ratepayers do not disproportionately shoulder costs. *Staff contacts: Karen Mills at kmills@cfbf.com and Robert Spiegel at rspiegel@cfbf.com or (916) 446-4647.*