



Farm Bureau at work

California Farm Bureau's government affairs team is at the Capitol, advocating for farmers, ranchers and agriculture's future. Here are some key issues Farm Bureau is focused on this week.

May 12, 2023

2023-2024 STATE BUDGET REVISION

Governor Newsom presented the 2023 fiscal year May Revision on Friday and the budget deficit increased by \$9.3 billion since the January budget rollout for a total of \$32 Billion. While the overall reflects cuts across the board, there is some good news regarding new flood investment proposals and agriculture grant monies as well. The budget also includes legislative language that codifies provisions from recent executive orders that allow for safe diversion of flood flows for groundwater recharge purposes. These provisions would make it easier to capture floodwater to recharge groundwater by setting clear conditions for diverting floodwaters without permits or affecting water rights. Overall, there was not significant change in Climate, Resource or Food and Agriculture budget priorities.

Disaster Impact

As part of the Tulare Basin flood response, May Revision includes an increase of \$25 million one-time General Fund to expand the scope of the current California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by the recent storms. By expanding the program's reach and continuing to support the ability of agricultural businesses to remain open and add or restore jobs, this proposal also aims to advance support for workers of impacted businesses.

Disaster Response Emergency Operations Account Set Aside— May Revision also adds \$25 million one-time General Fund in the current year in anticipation of potential additional disaster relief and response costs associated with recent storms and future flooding.

Energy and Utilities

The Governor's January Budget maintained \$7 billion (89 percent) of last year's \$7.9 billion investment in a clean energy agenda including investments in areas such as building decarbonization, transmission development, and long duration energy storage. May Revision makes no changes to the Energy sector budget.

Land Use

May Revision moves fund for the Multi-Benefit Land Repurposing—\$20 million –to a proposed Climate Bond.

Natural Resources

A shift of \$4.8 million from UC's main appropriation to provide continued support for UC Agriculture and Natural Resources. This is roughly equivalent to 5 percent of the base increase provided at Governor's Budget less resources provided for enrollment growth.

Pesticides

The May Revision includes \$1.9 million Department of Pesticide Regulation Fund and \$1.4 million ongoing to improve and streamline the Department's registration and reevaluation processes, identify

alternatives to high-risk fumigants, and lead strategic collaborations with stakeholders and agency partners to develop plans and programs to support implementation of sustainable pest management in agricultural, urban, and wildland settings.

Transportation

The May Revision continues to reflect the transportation infrastructure package included in the 2022 Budget Act and the Governor's Budget, with proposed adjustments included to account for a reduction in forecasted General Fund revenue. The May Revision includes a reduction of \$2.85 billion General Fund, partially offset by \$650 million of new state transportation funds for a net reduction of \$2.2 billion. This reflects an additional fund shift of \$150 million as compared to the Governor's Budget. These adjustments will maintain a total of \$12.8 billion in continuing new transportation infrastructure investments, including:

- \$5.65 billion for high-priority transit and rail infrastructure projects that will improve rail and transit connectivity between state and local/regional services that are designed to reduce traffic congestion and greenhouse gas production.
- \$4.2 billion for the High-Speed Rail Authority to continue building the 119-mile Central Valley Segment from Madera to just north of Bakersfield.
- \$1.4 billion for Active Transportation Program projects, the Highways to Boulevards Pilot, and bicycle and pedestrian safety projects.
- \$1.2 billion for projects that improve goods movement on rail and roadways at port terminals, including railyard expansions, new bridges, and zero-emission modernization projects.
- \$350 million for grade separation projects that support critical safety improvements and expedite the movement of traffic and rail by separating the vehicle roadway from the rail tracks.

Water Resources

When the Governor released his initial budget in January, California was in the third week of intense and prolonged precipitation that would extend, off and on, through March and April of this year. This followed a three-year period from 2020 to 2022 that was the driest on record going back to 1896.

For the first time in 18 years, many of California's most junior water users, including the State Water Project contractors and the Central Valley Project south-of-Delta agricultural contractors, received their full contracted water supply. By mid-March, it became clear that managing high runoff would be a major challenge in 2023, both for maximizing beneficial floodwater use (such as for groundwater recharge) and for protecting the safety of the public. The southern San Joaquin Valley's Tulare Lakebed, mostly dry since being drained in the 1910s for agricultural production, started to "refill," and in the process flooded farms and small communities near Corcoran. Meanwhile, the large-scale availability of surface water for diversion prompted the Governor to release Executive Order N-6-23 in March 2023, which streamlined permitting requirements for both flood fighting efforts and for the previously arduous process to obtain a flood water diversion permit for recharge from the State Water Resources Control Board.

The May Revised budget and related trailer bills reflect both the climatic extremes and reduced revenue that California has experienced since January. It reduces \$1.1 billion in General Fund spending across multiple climate and water-related programs, but commits to pursuing a future natural resources bond to make up the shortfall. Bond-eligible programs that received cuts included:

- Water Recycling (\$270 million)
- Salton Sea Restoration (\$169 million)
- Community Resilience Centers (\$160 million)
- Transformative Climate Communities (\$100 million)

- Regional Resilience Program (\$110 million)
- Urban Greening (\$100 million)
- Statewide Parks Program (\$86.6 million)
- Sustainable Groundwater Management Act Implementation (\$60 million)
- Dam Safety and Flood Management (\$50 million)
- Multi-benefit Land Repurposing (\$20 million)

Nonetheless, the May Revision still maintains \$8.7 billion (97 percent) of previously committed funding for water and climate programs and projects. Although the California Natural Resources Agency's budget was reduced by 12.5% from the January proposal, the May Revision increases flood management funding by \$290 million. Much of these funds were previously earmarked for drought response actions – including land conversion ("LandFlex"), drought relief programs, and Delta salinity barrier installation – considered lower priorities given 2023's hydrology. In the revised budget, the State also committed to funding work to raise the Corcoran Levee in order to protect life and property in the Tulare Lake Basin this year.

Additionally, the May Revised budget includes a trailer bill codifying many of the directives and provisions in Executive Order N-6-23, ensuring that in future flood periods California's local and regional agencies will quickly be able to capitalize on high flows to help with groundwater recharge and climate resilience.

May Revision invests \$290 million in new flood proposals:

- \$125 million to support preparedness, response and recovery related to the 2023 storms – funding shifted from drought contingency to flood contingency to address the weather whiplash California is facing;
- \$75 million to support local flood control projects;
- \$25 million to expand the current California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been affected by the recent storms;
- \$25 million for potential additional disaster relief and response costs in this fiscal year to address immediate impacts;
- \$40 million for the San Joaquin Floodplain restoration

The \$290 million is on top of the Governor's January proposal of \$202 million in flood investments to protect urban areas, improve levees in the Delta region and support projects in the Central Valley – bringing total flood investments to nearly \$500 million.

Wildfire and Forestry

May Revision maintains \$2.7 billion (98 percent) over four years to advance critical investments in restoring forest and wildland health to continue to reduce the risk of catastrophic wildfires in the face of extreme climate conditions. May Revision also includes the following:

- Climate Catalyst Fund—\$25 million one-time General Fund, which partially restores the General Fund reduction proposed in the Governor's Budget.

As for CAL FIRE specifically, May Revision includes \$1.1 billion (\$236 million General Fund and \$857.8 million Public Buildings Construction Fund) over the next five years for the continuation and addition of critical infrastructure projects statewide, including but not limited to, the replacement of aging fire stations, unit headquarters and communication facilities, the creation of a new training center, and the replacement of helitack bases and improvements to air attack bases to accommodate CAL FIRE's new helicopter fleet and C-130 aircraft deployment plans.

For the 2023-24 fiscal year, the Administration proposes \$36.9 million (\$30.4 million General Fund and \$6.5 million Public Buildings Construction Fund) for the continuation and addition of critical major capital projects, including the replacement of various fire stations, unit headquarters, conservation camps, and helitack bases, as well as for air attack base infrastructure improvements. These projects are in various stages of completion from acquisition to design and construction. The Administration also proposes initial funding for the Additional CAL FIRE Training Center which will address CAL FIRE's long-term training facility needs.

APPROPRIATIONS & OTHER ITEMS OF BUSINESS

Agricultural Employment Policy

The Legislature on May 4 approved [AB-113](#), a companion budget trailer bills that implements the September 2022 deal between the California Labor Federation, United Farm Workers, and Governor Newsom that lead the governor to reverse his prior opposition to AB-2183 (Stone) and sign that bill; it awaits Governor Newsom's signature. AB 113 eliminates the "labor peace" provisions in the original version of AB 2183, leaving card-check as the path of least resistance for labor unions seeking to represent an agricultural employer's employees. The Legislature approved AB 113 without any consideration by the legislature's policy committees. Farm Bureau opposes because the bill does not restore farm employee's former rights to an Ag Labor Relations Board-supervised secret ballot election, which serves to protect those employees from undue intimidation and coercion. *Staff: Bryan Little; blittle@cfbf.com*

The Senate and Assembly Appropriations Committees this week moved several measures to their respective suspense files, and both committees will re-hear the bills on May 18 to consider removing them from suspense and sending them on the floors of their respective houses for floor consideration prior to the June 2 house-of-origin deadline. *Staff: Bryan Little; blittle@cfbf.com*.

- [SB-365](#) Senator Scott Wiener (D-San Francisco) will forbid a district court judge from staying a civil proceeding if either party appeals the finding as to whether the dispute is subject to arbitration. Staying the underlying litigation while the arbitration applicability decision is pending has been common practice, eliminating the need to litigate a dispute that will likely be found subject to arbitration. Several recent court decisions have upheld federal preemption under the Federal Arbitration Act of attempts by the Legislature to restrict arbitration. Farm Bureau opposes SB 365 since arbitration is a useful tool to manage employment litigation liability in California's litigious environment. *Staff: Bryan Little; blittle@cfbf.com*
- [SB-399](#) Senator Aisha Wahab (D-Hayward) prohibits employers from conducting employee meetings in the context of a unionization campaign to explain the employer's opposition to unionization. Farm Bureau opposes because SB 399 is a clear-cut violation of an employer's First Amendment right to free speech, and will curb employer's right to fully inform employees about unionization activities. *Staff: Bryan Little; blittle@cfbf.com*
- [SB-497](#) Senator Lola Smallwood-Cuevas (D-Los Angeles), which creates a rebuttable presumption that any adverse personnel action is retaliatory if occurs within 90 days of the occurrence of activities protected from retaliation under the Labor Code, including reporting a violation of the Labor Code and cooperating with investigations related to violations of the Labor Code. As courts already consider proximity in time between protected activities and adverse personnel actions, SB 497 is redundant and further stacks the deck against employers' defense against accusations of retaliation. Farm Bureau opposes. *Staff: Bryan Little; blittle@cfbf.com*
- [SB-553](#) Senator Dave Cortese (D-San Jose) writes into the Labor Code and imposes on all California employers the expansive and detailed requirements of Cal/OSHA's healthcare workplace violence regulation, promulgated by the agency in 2017 in response to incidents of

violence by patients against healthcare providers in mental institutions. SB 553 will disrupt an ongoing regulatory process in which the agency is seeking to craft a workplace violence regulation more suited to general industry, where employers' physical sites and workforce are much different from healthcare environments. Farm Bureau opposes. *Staff: Bryan Little; blittle@cfbf.com*

- [SB-616](#) Senator Lena Gonzalez (D-Long Beach) will increase the paid sick leave mandate first established by AB 1522 (L. Gonzalez) in 2013 from three days or 24 hours to 7 days 56 hours. No provision is made in SB 616 to allow employer to manage misuse of paid sick leave. The bill was referred to the Senate Appropriations Committee. Farm Bureau opposes SB 616. *Staff: Bryan Little; blittle@cfbf.com*
- [SB-809](#) Senator Lola Smallwood-Cuevas (D-Los Angeles) will hamstring employers' efforts to protect their employees and customers by avoiding hiring violent felons. *Staff: Bryan Little; blittle@cfbf.com*
- [AB-524](#) Assemblymember Buffy Wicks (D-Oakland) adding "family caregiver status" to the list of protected classes covered by the Fair Employment and Housing Act. "Family member" is not limited to actual family members, but includes any person the employee considers to be like family, vastly broadening the circumstances under which an employee can invoke family leave rights under FEHA. This will expand the circumstances under which employers will experience FEHA-related litigation, which is already extensive. Farm Bureau opposes. *Staff: Bryan Little; blittle@cfbf.com*
- [AB-594](#) Assemblymember Brian Maienschein (D-San Diego) allowing local prosecutors like district attorneys and city attorneys to enforce the Labor Code, leading to inconsistent enforcement. AB 594 does not protect employers from double recovery under the Labor Code and the Private Attorneys General Act (PAGA). Farm Bureau opposes. *Staff: Bryan Little; blittle@cfbf.com*

Air Quality

Farm Bureau has joined other agricultural stakeholders in opposing [AB-985](#) by Assemblymember Joaquin Arambula (D-Fresno). This bill was heard in the Assembly Appropriations committee this week, and was placed on the suspense file. This bill would eliminate the San Joaquin Valley Air Pollution Control District's emission reduction credit (ERC) allowance. This will severely inhibit the capacity for the District to achieve state and federal air quality standards and effectively prohibit the permitting of any critical business operation within the District's jurisdiction. AB 985 would dismantle this ERC program and require all existing and future emission reduction credits in all banks to expire as of January 1, 2024. CARB has reviewed the District's ERC program and determined that further changes are unnecessary. AB 985 is also a substantial overreach, eroding local control offered to jurisdictions, including the District, to take meaningful, locally approved steps to improve air quality. Due to administrative costs, the bill was placed on the Committee's suspense file and cannot pass out of the committee at this time. *Staff: Katie Little, klittle@cfbf.com*

Forestry

The annual Forest Practice Enforcement training class for CalFIRE Forest Practice Inspectors and Law Enforcement Officers is occurring this week in the City of Fort Bragg with field days at Jackson Demonstration State Forest. The annual Basic Forest Practice training class for CalFIRE and Review Team agency staff is scheduled for June 5-9, 2023 in Anderson, CA with field days at Latour Demonstration State Forest. To learn more, visit the Board of Forestry [here](#). *Staff: Peter Ansel; pansel@cfbf.com*

Insurance

[SB-505](#), authored by Senator Susan Rubio (D-Baldwin Park) and co-sponsored by California Farm Bureau and California Department of Insurance passed off the Senate Floor this week with a 36-0 vote. The bill moves next to the state Assembly. As previously discussed, SB 505 would expand the FAIR Plan so that commercial insurance policies would be eligible for an internal process called the “clearinghouse”, to more easily move back to the competitive admitted insurance market. *Staff: Peter Ansel; pansel@cfbf.com*

Taxation

[SCA-4](#), authored by Senator Kelly Seyarto (R-Murrieta) failed to pass the Senate Governance and Finance Committee on a 3-4 vote, with one abstain. The bill was granted reconsideration. As previously reported, SCA-4 would have repealed portions of Proposition 19 that impact intergenerational property transfers. The bill faced strong coalition of opposition from the California Association of Realtors, the California Professional Firefighters, the California Teachers Association, and AFSCME. *Staff: Peter Ansel; pansel@cfbf.com*

Rural Broadband

[AB-286](#), authored by Assemblymember Jim Wood (D-Santa Rosa) passed from the Assembly Committee on Appropriations with all Democrats voting Aye, and all Republicans abstaining from the vote. This is the same voting pattern that occurred at Assembly Committee on Communications and Conveyance. The bill would require that the CPUC maintained statewide broadband services provider map identify, for each address in the state, each provider of broadband services that offers service at the address and the maximum speed of broadband services offered by each provider of broadband services at the address. The bill moves onto the Assembly Floor. The only opposition to the bill comes from the broadband service providers’ association. *Staff: Peter Ansel; pansel@cfbf.com*

Water

The opposition coalition (including Farm Bureau) for the problematic water rights enforcement and groundwater bills met with Assembly Appropriations Committee staff on Monday, May 8th to discuss our cost-related concerns about the bill. The committee staff told us that two of the water rights bills, [AB-460](#) by Assemblymember Rebecca Bauer-Kahan (D-Orinda) and [AB-1337](#) by Assemblymember Buffy Wicks (D-Oakland), will be heard in committee on Wednesday, May 17th but both are candidates for the suspense file. *Staff: Alex Biering; abiering@cfbf.com*