



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 13, 2022

Budget

Governor Newsom released his "May Revise" [budget](#) following updated revenues and expenditures to guide the upcoming fiscal year. This budget totals a whopping \$300.7 billion—the largest budget ever noted in California and of any state in the Nation. Based on increased capital gains tax and corporation tax revenues, the May Revision boasts a \$97.5 billion surplus, \$49.2 billion of which is available for discretionary use. This is \$55 billion higher than expected in January 2022. The Governor's May Revision proposes to expend the discretionary surplus on one-time projects and up to \$37.1 billion in budgetary reserves, with the Rainy-Day Fund at the constitutional maximum. In the introduction of the Governor's May Revise, he highlights some of this year's challenges, including debt and pandemic relief, extreme weather (like drought, energy reliability, and wildfires), health care, homelessness and mental health, education, and public safety.

Below is a high-level summary of his budget proposal by issue area most pertinent to agriculture. This is not an exhaustive list and Farm Bureau staff are available to discuss the particulars, upon request.

EDUCATION

- 128.3 billion for K-12 generally through Prop 98, LCFF and discretionary block grants
- \$611.8m ongoing to fund universal access for school meals for all K-12 students, regardless of income
- \$1 billion ongoing and \$753m one time for expanded day, full year instruction for K-6 students to start 2023-24
- \$85m one-time funds for pre-K through 12 for STEM (science technology, engineering and mathematics) learning
- \$2.7 billion for school construction
- 5% increase to base funding for UC and CSUs and \$375m increase for base community colleges
- \$2m one time to support UC Fire Advisors
- \$75m for CSU farms
- \$45m to create a CA Healthy School Meals Pathway Program at CCCs for workforce development in the food service industry

BROAD BASED RELIEF

- In lieu of gas tax rebate or halt, \$11.5b or \$400 for each eligible owner of a registered vehicle with a cap of two vehicles
 - Excludes fleet and corporate owned values and vehicles over a certain value
- 1 year pause, starting October 1st, on a 3.9% tax increase on diesel fuel

- \$10 billion for zero emission vehicles ZEV
- \$2.7b for emergency rental relief, \$1.2b for residential electric utility arrearages, \$200m for residential water/wastewater arrearages
- \$304m for a healthcare premium subsidy

ECONOMIC ASSISTANCE

- Backfilling General Fund loss of \$274m through exempting federal relief funds from state income tax
- \$2.7b to issue an additional round of Small Business COVID Relief Grants
 - Additional \$500m for CA Small Business Hard-Hit Industries Grant Program
- \$1.6b in extending Cal Competes Tax Credit
- \$1.05b over four years to fund climate-based tax credits by the CA Energy Commission

DROUGHT

- \$75m one time funding for the CA Small Agriculture Business Drought Relief Grant Program
 - Grants range from \$30,000-\$50,000 depending upon annual gross revenue decline to be administered by the Office of Small Business Advocate
- \$2.05b for drought resilience and response
 - \$530m for water recycling, groundwater cleanup, drinking water
 - \$56m for SGMA Implementation
 - \$400m for the drinking water/wastewater infrastructure and state revolving fund
 - \$30m for the aqueduct solar panel pilot study
 - \$553m for grants to urban water districts and small community water supplies
 - Includes technical assistance, public education campaigns, emergency drinking water, purchase and pre-positioning of water storage tanks, water rights enforcement and \$23m for food assistance for farm workers
 - \$280m for fish and wildlife impacts from drought and climate
 - Build aquatic habitat and water resilience to support voluntary agreements
 - \$187m for agricultural water conservation practices
 - \$60m for the agriculture and delta drought response program
 - \$40m for the multi-benefit land repurposing program
 - \$25m for direct relief for small farms
 - \$15m for on-farm water use and agriculture technical assistance
 - \$60m for SWEEP
 - \$500m in 2025-26 for water storage projects
 - \$1.2m for the Judicial Council to address climate, environmental and water-related legal disputes
- \$100m for OPR to expand “save our water” campaign

CLIMATE

- \$32b for general climate funding
- \$300m for the Extreme Heat Action Plan
 - \$1.2m over two years for animal mortality incidents
 - \$5.3m over two years for integrated pest management grants through CDFA and DPR
- \$768m over two years to implement “nature based solutions” and 30x30

- \$200m for oak woodlands conservation program, rangeland, grazing land and grasslands protection program, California riparian habitat conservation program and the natural and working lands climate adaption and resiliency program
- \$90m to DFW and the Delta Conservancy for wetland restoration
- \$10m for the Healthy Soils Program
- \$5m for the Wildland Grazing (Fire Prevention Grant Program at CalFire)
- \$50m for wildlife corridors (including Liberty Canyon)
- \$20m over two years for Climate Smart Land Management Program at DOC
- \$7.5m over two years to CalRecycle for a compost permitting pilot program
- \$18.3m for a current climate monitoring database
- Cap and Trade and additional \$120m from the January Budget to include:
 - \$100m for expanding satellites to monitor methane releases
 - \$20m (for \$260m total) for the Community Air Protection Program (AB 617)
- \$10b investment in energy resilience, reliability, affordability and clean energy transition
 - Arrearage assistance, as seen above under “broad based relief”
 - \$30m to the PUC for capacity building grants for ratepayers
 - \$765m for energy reliability (includes demand side grid support, residential solar, transmission financing, distributed electricity backup)
 - \$55m to the CEC for carbon removal and energy data infrastructure
 - \$5.2b for a Strategic Electricity Energy Reliability Reserve—seeking to provide 5,000 mw of power when the grid is stressed
 - \$45m for off shore wind and \$970m for residential solar and storage
 - \$1.05b over four years to fund the Climate Innovation Grant program administered by the CEC
 - \$45m over three years for the manufacturing, processing and recovery of lithium
 - \$5m to support geothermal energy generation in the Salton Sea
 - \$80m for expanding training and hiring at San Diego State and Brawley Center in Imperial for lithium work

HEALTHCARE

- \$68m for reproductive health care
- \$304m for the California premium subsidy program
- 64.7m for Community Assistance, Recovery and Empowerment (CARE) Courts intended to respond to mentally ill individuals
- \$280m for the Workforce and Quality Incentive Program for facilities that meet quality benchmarks
- \$933m for onetime payments to hospital and nursing facility workers
- \$175m for rapid response efforts for migrant arrivals in Southern California
- \$270m for subsidized childcare programs
- \$1.79b for implementation of the SMARTER Program for COVID response (shots, masks, awareness, readiness, testing, education and Rx)

HOUSING AND HOMELESSNESS

- \$2b for affordable housing production
 - \$500m for downtown-oriented and affordable housing through adaptive reuse

- \$4.6m for farmworker housing assistance tax credits
- \$12b over two years for shelter, housing, longer support services for homeless and prevention
 - \$2.9b over two years for Project Homekey
 - \$10.6m for transitional housing for youth discharged from juvenile justice
 - \$1b for homeless housing, assistance and prevention program for local governments doing homeless planning

EMERGENCY MANAGEMENT

- \$8.1m for the CA State Warning Center and \$5.4m for Southern Regional Emergency Operations Center
- \$114.3m for warehousing and purchasing of PPE
- \$29.5m for COVID testing and mutual aid in outbreaks
- \$7.2m for emergency management profession and emergency responder training
- \$25m for local law enforcement and mutual aid system
- \$150.2m for CalFire fire protection resources
 - \$104.4m and 270 positions over four years for CalFire staffing, \$37.8m for direct mission support, \$8m for emergency surge capacity staffing and equipment

TRANSPORTATION

- \$1.75b for implementation of zero emission vehicles and infrastructure
- \$500m for active transportation
- \$750m for incentive grants for transit and rail agencies for free transit

BROADBAND

- \$1.1b over two years for completion for the Broadband Middle Mile Initiative³

CANNABIS

- Setting the cultivation tax rate at zero starting July 1, 2022
- Maintain a 15% excise tax rate but change collection point from distribution to retail
- Change expenditure rates for excise tax to 60% education, prevention and youth treatment, 20% for clean-up and environmental remediation, and 20% for public safety

Legislative Budget

Prior to the Governor's reveal, the State Senate Democrats revealed their climate plan which would reflect \$18.5 billion over two years.

Below is a summary of suggestions by the Senate Democrats:

- Water/Drought \$7.5b (state and Federal funds)
 - \$2b for water supply and water rights
 - \$1.5b for CA Water Trust to acquire lands and senior water rights from willing sellers
 - Fund permanent acquisition of senior water rights in highly stressed watersheds with water dedicated to environment or drinking water (low water use conversion and acquisition based on environmental need)

- Strengthen water rights quantification and enforcement at SWRCB, grants to GSAs and to mitigate 3rd party impacts
 - \$400m Sacramento River tributaries, \$500m coastal water sheds, \$100m Sacramento-San Joaquin River Delta, \$100m San Joaquin River and tributaries, \$100m improve water management science and agency coordination, \$100m for local community impacts
 - \$500m for DOC acquisition and land repurposing for SGMA
- \$1.5b for safe drinking water
 - \$330m water and wastewater
 - \$200m for direct installation of low-income water and sewer services
 - \$40m for Low Income Household Water Assistance Program
 - \$325m for drought resiliency
 - \$475m for drought response and water/wastewater infrastructure
 - \$100m DWR permit for drinking water projects
 - \$60m SWRCB for clean energy sources for wastewater treatment
- \$1.5b for watershed climate resilience regionally
- \$1.5b for Drought Resilient Water Supply grants (recycling, stormwater capture and GW cleanup)
- \$1b for Flood Management and Dam Safety
- Wildfire \$6.6b over 5 years or \$1.3b annually
 - Treat 1 million acres annually (500,000 acres state/private and 500,000 federal land by 2025)
 - \$1.5b fuel reduction
 - \$95m for biomass accumulation
 - \$35m workforce development and training
 - \$675m state conservancies
 - \$220m staffing ratios for CalFire
- Sea Level Rise \$3.3b over multiple years for adaptation and resilience
 - \$100m for SB 1 for sea level rise mitigation act and collaborative
- Climate Change impacts on disadvantaged communities \$1b or \$200m annually for 5 years
- Biodiversity and outdoor access \$1b over multiple years
 - \$500m 30x30
 - \$200m urban greening and urban forestry
 - \$200m outdoor access through WCB, state conservancies, State Coastal Conservancy
 - \$100m outdoor equity access grant program
- Establish Climate Equity Trust Fund to offset electricity rate
- Achieve SB 100 Interim Goals
- 90% end use from renewable or zero carbon by 2035/2040
- High road labor agreements on workforce for clean energy projects

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The Senate and Assembly Budget Subcommittees that manage environment and resources issues, generally, met this week to discuss zero emission vehicles, pesticides, extreme heat and The Administration's "nature based" climate proposals. Senator Brian Dahle (R-Bieber) expressed strong frustration over the Senate's water rights proposal, specifically around water rights acquisition, and asked pointed questions about why the proposal included no investment in storage, particularly Sites Reservoir. In the Assembly, Assemblymember Vince Fong (R-Bakersfield) made a vociferous defense of the state's pesticide use enforcement system and argued with the Department of Pesticide Regulation over the lack of need for their budget proposal. Farm Bureau staff testified at both hearings. All items were held over, meaning there was no vote taken, but will be in subsequent hearings. Two additional hearings are slated for next week, on Tuesday and Wednesday, May 17th and 18th, respectively. *Staff: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Appropriations

Agricultural Employment

Senate and Assembly Appropriations Committees diverted several measures of concern to California agricultural employers to their respective suspense files pending review of their fiscal impacts. While the fates of several are uncertain, some others are expected to emerge from suspense and proceed to floor consideration:

[SB 1458](#) (Limon) will increase workers' compensation disability payments for women based on gender pay disparities determined either by data provided by the California Fair Employment and Housing Department or by the U.S. Department of Labor. Farm Bureau opposes due to the cost increases it will cause for workers' compensation in California's already-expensive workers' comp system and serious implementation challenges described on the Senate Labor Committee's staff analysis and raised by several members of that committee when that committee considered SB 1458 on April 27. The Senate Appropriations Committee placed SB 1458 on suspense on May 9. *Staff: Bryan Little; blittle@cfbf.com ; 916-561-5622.*

The Assembly Appropriations Committee placed four measures of concern to agricultural employers on their suspense file on May 11:

[AB 2182](#) (Wicks) imposes new requirements on employers to not discriminate against, and offer accommodation to, employees with vaguely-defined "family responsibilities." Farm Bureau opposes as such ambiguities inevitably lead to some employees abusing the program and employers who incur the litigation expense. Lobbying on AB 2182 has indicated concern in some offices about the broad and vague definition of "family responsibilities;" as a result, AB 2182 may be parked on the suspense file. *Staff: Bryan Little; blittle@cfbf.com ; 916-561-5622.*

[AB 2183](#), (Stone), agricultural employee card check legislation, is a re-tread of AB 616 (also by Stone) vetoed by Governor Newsom in September 2021. As in the past, proponents characterized the bill as a reform allowing mail-in balloting in Agricultural Labor Relations Board (ALRB) elections

despite the bill's plain language permitting union agents to distribute, supervise the completion of, gather and return to the ALRB "ballots" envisioned by the bill. AB 2183 boasts a long list of co-authors and is likely to emerge from the suspense file on May 19 and could be eligible for Assembly floor consideration shortly thereafter. Farm Bureau opposes. *Staff: Bryan Little; blittle@cbbf.com; 916-561-5622.*

[AB 2188](#) (Quirk) would ban the use of blood, skin, or urine testing for cannabis metabolites for any employment-related screening to detect cannabis use, permitting the use only of saliva tests or performance to determine actual intoxication. A broad coalition of employers has expressed concern that AB 2188 unduly restricts employers' ability to deter on-the-job intoxication. Farm Bureau opposes. *Staff: Bryan Little; blittle@cbbf.com; 916-561-5622.*

[AB 2243](#) (Garcia) would direct Cal/OSHA to propose to the Standards Board amendments to the Heat Illness Prevention Standard to implement a set super-high heat requirements when the temperature exceeds 105 degrees F, including hourly breaks and distribution of written heat illness prevention plans to employees, amend the Wildfire Smoke Standard to require use of N95 respirators when the AQI for PM 2.5 exceeds 200 and various other changes to both standards vaguely defined to protect piece-rate employees. Farm Bureau opposes because such changes to regulations should be subject to the stakeholder process set forth by law where those seeking changes can petition the Standards Board. *Staff: Bryan Little; blittle@cbbf.com; 916-561-5622.*

Climate Change

The California Air Resources Board has released a [draft](#) of the 2022 Scoping Plan Update outlining the tenants of the proposed approach for greenhouse gas emission reduction and carbon sequestration across all industry sectors. Specifically for agriculture, the proposed approach suggests goals for on-farm agricultural practices, including:

- Complimenting the state's 30% land conservation goal, treatment of 2-2.5 million acres of forestlands, shrublands and grasslands through prescribed fire, thinning, harvesting and other management actions
- Implementing climate smart practices for annual and perennial crops over 50,000 acres/annually
- Increasing agricultural and conservation easements across 6,000 acres/annually
- Increase organic agriculture to 20% of all cultivated acreage by 2045 (65,000 acres/annually)
- Restore 60,000 acres of delta wetlands
- 20% increase in investment of urban forestry and drought resilient tree planting

It also proposes that 25% of the energy demand for agriculture be achieved through electricity rather than fossil fuel use, and 75% energy demand be met through electricity by 2045. It suggests an increase in funding for methane capture for dairy digesters and alternative manure management, as well as a expecting a moderate adoption of enteric strategies by 2030 to achieve the state's short lived climate pollutant goal. Generally, the proposal seeks to phase out oil and gas extraction operations by 2045, have 100% of cargo handling equipment be zero emission by

2037, 100% of drayage trucks be zero emission by 2035, all commercial electric appliances by 2029, have 100% of medium & heavy duty vehicle sales as zero emission by 2040 and 100% of light duty vehicles are zero emission by 2035. Farm Bureau staff are in the process of reviewing the full document and appendices and will be providing comment by June 24th. The Air Resources Board will be meeting next week on May 19th to likely discuss the proposal and other items. *Staff: Taylor Roschen, troschen@cbbf.com or 916-446-4647.*

Economic Development

The Assembly Select Committee on Food Systems will be meeting on May 18th at 1pm to discuss the impact of inflation on the California Food System. While the agenda has not yet been released, Farm Bureau has been asked to present. The hearing can be viewed [here](#) the day of. *Staff: Taylor Roschen, troschen@cbbf.com or 916-446-4647.*

Feed

The Department of Food and Agriculture's Commercial Feed Regulatory Program has announced new regulations in place to support redirecting human food by-products to livestock feed. To assist companies with redirecting food by-products and participating in the California livestock feed industry, changes to Title 3 of the California Code of Regulations (3 CCR) have been made. This includes offering a reduced commercial feed license fee for firms solely diverting eligible human food by-products to livestock feed and a reduced tonnage tax for eligible human food by-products diverted to livestock feed. In exchange, these firms would be responsible for reporting their tonnage and not further manufacture the ingredients. Definitions of eligible food by products include but aren't limited: cull produce, beet and citrus pulp, brewer's grain, whey, dried bakery goods, and restaurant, recovery, and cereal food. A full list of eligible products and a more specific summary of the changes can be found [here](#). *Staff: Taylor Roschen, troschen@cbbf.com or 916-446-4647.*

Nutrition

The California Department of Food and Agriculture is now accepting applications for the 2022 California Farm to School Incubator Grant Program. The program awards grants to support projects that will increase the number of California-grown products in school settings. To support a systems approach to advancing farm to school throughout the state, the program offers four funding tracks:

- Track 1: The California Farm to School K-12 Procurement and Education Grant
- Track 2: The California Farm to School Partnership Grant
- Track 3: The California Farm to Early Care and Education (ECE) Grant
- Track 4: The California Farm to School Producer Grant

Friday review readers may remember that on Track 4, farmers can apply for large scale equipment, processing lines, input costs, etc. that facilitates an improved relationship with a school purchaser. Grant applications are due at 5 p.m. on July 6, 2022. More information about the applications, informational webinars and grant requirements can be found [here](#). Staff: Taylor Roschen, troschen@cbbf.com or 916-446-4647

Rural Crime

This week, [AB 2613](#), introduced by Assemblymember Robert Rivas (D – Salinas), was placed on the Assembly Appropriations Committee on the suspense file. This Farm Bureau sponsored measure would create a pilot program which would prioritize grants for farmers and ranchers to help clean up illegally dumped waste on their property. The pilot program could be funded up to \$1 million, in addition to the current CalRecycle program's \$1 million allocation. The current [Farm and Ranch Solid Waste Cleanup and Abatement Grant Program](#) funds many cleanup projects on publicly owned land, or land that is merely zoned for agriculture and not in active use. As the program has recently become oversubscribed, these kinds of projects could be taking away opportunities from farmers and ranchers which are confronted with this problem on a regular basis. This bill would make *pilot* program funds exclusively available for private and active agricultural lands, in hopes that it will help members with this growing problem. Since the bill is asking for an increase to the current budget allocation, the bill has been held in this fiscal committee. CAFB hopes to show that these costs are not only minor in comparison to other budget items, but necessary. AB 2613 will be brought before the committee again later this month before it can move to the next house. If you have faced issues with illegal dumping, please feel free to reach out to staff. Staff: Katie Little, klittle@cbbf.com or (916) 446-4647.