



CALIFORNIA FARM BUREAU FEDERATION

FRIDAY REVIEW

LEGISLATIVE AND GOVERNMENTAL UPDATE

January 10, 2020

BUDGET

Legislature Returns

The State Legislature reconvened on Monday, January 6th for the 2020-2021 legislative session. Upon their return, policy committee hearings on bills of interest may begin soon.

2020-2021 State Budget Proposal

On Friday, January 10, 2019, Governor Newsom unveiled a summary of his proposed budget for the 2020-2021 fiscal year. Following the release of this budget, the Administration negotiates with the Legislature and stakeholders for adjustments, add/remove new programs and advocate for additional funding for specified activities. Following these negotiations and after inclusion of new tax revenues, the Governor releases a revised version of their proposed budget in May 2020. Below are the specific items in Governor Newsom's proposed budget relevant to agriculture:

Air Quality

The budget includes \$2.7 million for the California Air Resources Board to develop new regulations to reduce exposure to air toxins from industrial and commercial sources. The budget documents did not include specific details on the proposal, and Farm Bureau will track and engage in the development of this proposal if it will impact agriculture. *Staff contact: Noelle Cremers, ncremers@cfbf.com or 916-446-4647.*

California Department of Food and Agriculture

Beyond climate-specific issues, the Department of Food and Agriculture also has several major adjustments proposed.

- This budget offers \$33 million in General Fund dollars on a one-time basis to support the establishment of the Fresno-Merced Food Innovation Corridor to stimulate research and development, commercialization and innovation to support advanced sustainable agricultural production and high-quality jobs in the San Joaquin Valley.
- This budget also proposes a one-time allocation of \$20 million in General Fund dollars for the State Water Efficiency and Enhancement Program which provides grants to farms for agricultural water efficiency improvement. Funds will be prioritized for areas with high priority groundwater basins.
- The budget provides \$10 million in General Funds one-time and \$1.5 million to establish a farm to school program. This will be managed by the Department's Office of Farm to Fork. The

budget also provides a one-time \$8.5 million grant program for schools.

- The budget offers \$1.4 million through 2023 and \$771,000 ongoing to support deferred maintenance projects and fiscal oversight of California's fairs.
- Following suit with Farm Bureau's request in AB 417 last year, this budget provides \$199,000 General Fund ongoing for the creation of a new Agricultural and Rural Economic Advisor to develop and implement strategies for improving California's rural, agriculturally-based economies. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Cannabis

To improve access to licensing and simplify regulatory oversight of commercial cannabis activity, the Administration plans to consolidate the three licensing entities that are currently housed at — the Bureau of Cannabis Control, the Department of Food and Agriculture, and the Department of Public Health — into a single Department of Cannabis Control by July 2021. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Climate Bond

The Governor's Bond Proposal includes \$750 million to harden critical public infrastructure in high-fire risk communities of the state and improve forest health. California's recent wildfires have exposed serious systemic weakness in the state's ability to protect homes, businesses and infrastructure that supports these communities. It's vitally important that the state make investments in not only public infrastructure but the surrounding wildland landscapes as well. *Staff contact: Robert Spiegel at (916) 446-4647 or rspiegel@cfbf.com*

Climate Change

The Governor's budget includes funding aimed at reducing carbon emissions through the Cap and Trade Expenditure Plan. The budget estimates the fund to provide \$965 million towards carbon emission reduction efforts. Of interest to agriculture, the plan includes:

- \$50 M for Agricultural Diesel Engine Replacement and Upgrades;
- \$20 M for Methane Reduction;
- \$18 M for the Healthy Soils Program;
- \$165 M for Health and Resilient Forests;
- \$35 M to implement the Forest Carbon Plan: Prescribed Fire and Fuel Reduction, and
- \$8 M to implement 2019 legislation for Fire Safety and Prevention.

Farm Bureau is asking for \$175 million in funds for agricultural diesel engine replacements, which is the amount needed to meet the requirement to replace 12,000 tractors in the San Joaquin Valley by 2024. Farm Bureau will work with the legislature to urge an increase in funds available for diesel tractor replacement.

In addition to the Cap and Trade Expenditure Plan, the Governor's budget includes a proposal to fund a new Climate Catalyst Fund with \$250 million in General Fund dollars. The Catalyst Fund would provide low interest loans for a number of efforts to reduce carbon emissions and increase carbon sequestration. Of particular interest to agriculture, the Catalyst Fund is proposed to make loans available for the following:

- Dairy Digesters;
- Agriculture and Off-Road Engine Replacement, with particular focus on Equipment Owned by Individual Operators and Small Businesses;
- Efficient on-Farm Irrigation;
- Sustainable Food Processing;
- Small Business and Landowner Loans for Forest Management; and
- Community Hardening.

Finally, the Budget includes a reference that Governor Newsom will be supporting a \$4.75 billion climate change bond poised for the November statewide ballot. Under this proposal, 80% of the funds would be allocated for immediate, near term risks (such as fire, flooding, and drought—see below) and the remaining funds would be for long-term climate risks (such as sea level rise and extreme heat). *Staff contact: Noelle Cremers, ncremers@cfbf.com or 916-446-4647.*

Economic Development

This budget proposes to provide \$50 million in a one-time General Fund allocation to support the Fresno Developing the Region's Inclusive & Vibrant Economy (DRIVE) Program, which focuses on economic investments in the Fresno and Madera area. This includes a \$33 million investment in The Fresno-Merced Food Innovation Corridor (mentioned in Nutrition) and \$17 million one-time General Fund for K-16 education. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Education

With the release of Governor Newsom's proposed budget, the state proposes to provide a 5% increase on the baseline of the annual budget for the University of California Agriculture and Natural Resources (UCANR). that would constitute a roughly \$4 million increase to the \$72 million annual budget. This is woefully below UCANR's need and Farm Bureau's \$20 million request aimed to fund deficiencies in the 4-H program and Farm Advisor positions through UC Cooperative Extension. Farm Bureau will be coordinating a coalition of supporters to increase this budget appropriation. *Staff contact: Taylor Roschen at (916) 446-4647 or troschen@cfbf.com.*

Emergency Preparedness and Response Related to Wildfire

The FY20-21 Budget includes \$120 million over the next five-years for increased CAL FIRE operations and training. The proposed budget also increases the California Disaster Assistance Act (CDAA) funding level to almost \$80 million. CFBF has supported several CDAA funding proposals during the last two years to help local governments replace property damaged by a disaster and provide reimbursement for a local government's cost associated to activities taken during a declared state of emergency.

The Governor's proposed budget includes a one-time augmentation of \$50 million for efforts to increase community resiliency measures related to Public Safety Power Shutoffs (PSPS). The proposal will support a matching grant program to help local communities respond to power outages and will be available for critical services such as schools, county election offices and food storage reserves. Staff contact: Robert Spiegel at (916) 446-4647 or rspiegel@cfbf.com.

Energy and Utilities

The FY20-21 Budget includes supporting the operational changes provided by the passage of Assembly Bill 1054 (Holden, 2019). Among other things, AB 1054 established several new utility oversight entities, including the Wildfire Safety Division at the California Public Utilities Commission (CPUC). The budget includes a \$30 million commitment to implement the provisions of AB 1054.

The Budget proposal also includes a proposal, *Broadband for All*. California will embark upon a new strategy to bring broadband connectivity to rural Californians. The Governor intends to invest new resources, leverage federal funding, and reprioritize existing resources to improve connectivity statewide. CFBF has been one of the leading proponents for rural broadband connectivity and the importance the access would have on California agriculture. Staff contact: Robert Spiegel at (916) 446-4647 or rspiegel@cfbf.com.

Forestry and Wildfire

The Governor's Cap and Trade Expenditure plan for the FY20-21 Budget, includes the second installment of \$200 million from Senate Bill 901 (Dodd, 2018)—see above. CFBF appreciates the continued commitment of Governor Newsom and his Administration for advancing wildland and fuel treatment projects that will protect California communities from catastrophic wildfire. The funding provided by Senate Bill 901 was long overdue, but funding alone will not address the regulatory paralysis that continues to prevent California from making significant progress in the deferred maintenance of our state's wildlands. The Governor's budget also provides a reference to the proposed Climate Resiliency Bond, which may offer \$750 million to harden critical public infrastructure in high-fire risk communities of the state and improve forest health. California's recent wildfires have exposed serious systemic weakness in the state's ability to protect homes, businesses and infrastructure that supports these communities. It's vitally important that the state make investments in not only public infrastructure but the surrounding wildland landscapes as well. *Staff contact: Robert Spiegel at (916) 446-4647 or rspiegel@cfbf.com.*

Nutrition

Governor Newsom proposes to provide an increase of \$60 million in Proposition 98 for school nutrition, which will allow for more flexible budget for local schools to purchase more, healthy and local foods. The budget also provides \$10 million dollars for training of school service officials. This is in addition to the funds that are provided to the Department of Food and Agriculture's Office of Farm to Fork aforementioned. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Technology and Innovation

Among other Budget proposals from Governor Newsom, he has proposed a one-time allocation of \$50 million to support Fresno area regional investments designed to spur the economy and innovation potential. The Fresno-Merced Food Innovation Corridor is proposed to see an investment of \$33 million from the General Fund to establish an investment corridor and increase collaboration between academia and industry on research and development, commercialization, and innovations to support agricultural production and jobs. *Staff contact: Robert Spiegel at (916) 446-4647 or rspiegel@cfbf.com.*

Water

The Governor's Proposed 2020-21 Budget contains \$1 billion to support various water management programs and projects, including but not limited to water use efficiency, water storage, water conveyance and water quality. This funding specifically supports the regional resilience approach identified in the draft Water Resilience Portfolio.

- Sustainable Groundwater Management - \$395 million to support local groundwater management sustainability agencies implementing their groundwater management plans for critically over drafted basins.
- Safe Drinking Water - \$360 million in grants and loans to disadvantaged communities to improve access to safe drinking water.
- Environmental Farming Incentive Program - \$200 million for grants, incentive and demonstration projects to enhance agricultural lands for water quality and efficiency, among other project beyond water (proposed bond funding).

- Enhance Stream Flows and Fish Passage - \$140 million to remove barriers for native fish and provide enhanced water flows and reconnect aquatic habitat to help endure drought and adapt to climate change. *Staff contact: Danny Merkley, dmerkley@cbbf.com or 916-446-4647.*

Wildlife

The budget also provided an additional \$38.9 million in General Fund dollars to the Department of Fish and Wildlife for myriad activities. Included in these funds are \$12.7 million to fund DFW's work on implementing the California Endangered Species Act. DFW specifically plans to use these funds to review listing petitions, complete five-year status reviews of listed species, and create recovery plans for listed species. The budget includes an additional \$4 million to "cut green tape." This effort will go towards making permitting and funding more efficient for ecological restoration and stewardship projects. Farm Bureau will be following the discussions around this proposal closely as it moves through the legislature. *Staff contact: Noelle Cremers, ncremers@cbbf.com or 916-446-4647.*