



July 1, 2011

The legislature approved an \$85.9 billion this week and the governor quickly signed the measure. Both budget reductions and new fees were used to achieve a balanced budget. Here is a brief listing of key budget items of interest to agriculture.

- Reduction of State General Fund support at the State Water Resources Control Board replacing the funding with more than \$24 million in new fees. Fee increases include \$1.4 million for the National Pollution Discharge Elimination System, \$1.8 million for the Irrigated Lands Regulatory Program (Ag Waivers), \$6.7 million for basin planning activities, \$11.5 million for Total Maximum Daily Load activities and \$3.2 million for Water Rights. Additionally \$1.23 million from the State General Fund is eliminated from the Department of Water Resources budget for the Watermaster Program, replacing the funding with fees.
- Timber Harvest Plan (THP) fees remain essentially the same. The budget passed by the democrats in the legislature on June 15 and subsequently vetoed by the Governor had included \$10 million in new fees for THP review, but this revenue proposal was not included in the budget approved this week.
- The Department of Food and Agriculture was handed another \$4 million in cuts for this fiscal year. That is in addition to \$15 million in General Fund reductions already taken by the department. Some may recall that under current two-year plan the department has been targeted for cuts totaling \$30 million - \$15 million this year mentioned above and then \$15 million in the 2012-2013 year. It is not known at this time if the additional \$4 million in reductions approved this week are in addition to the \$30 million already slated for implementation or if they are merely an advance on the second year \$15 million cut.
- No General Fund monies were appropriated for subventions to the counties, however, legislation to re-implement the Williamson Act alternative program enacted last year (AB 1265- Nielsen) is being fast tracked through the legislature so that counties will at least have that option should the governor sign the measure.
- With regard to State Responsibility Areas (SRA), where CAL FIRE has primary responsibility for wildland fire prevention and suppression, still awaiting governor's action is a budget trailer bill (AB 29X-Blumenfield) which would impose a \$150 fee per home in such areas. Farm Bureau is opposed to this "fire prevention" fee as these dollars would do little to prevent forest fires and unfairly burden rural homeowners.

We are continuing to evaluate other aspects of the state budget and will keep you all apprised as new information comes forward.

On June 28, Governor Brown vetoed card-check legislation, [SB 104](#) (Darrell Steinberg, D-Sacramento). In his veto message, Brown indicated, "...I am not yet convinced that the far-reaching proposals of this bill – which alter in a significant way the guiding assumptions of the Agricultural Labor Relations Act (ALRA) – are justified. I am deeply committed to the success of the ALRA and stand ready to engage in whatever discussions – public and private – that will accomplish the appropriate changes. As at the beginning, all parties must be heard and, before any product emerges, a wide array of opinions and experiences should be fairly considered. Besides being personally involved, I will direct my Labor and Agricultural Secretaries to reach out to all those who can help us achieve a fair and just result." Farm Bureau opposed the measure.

The Senate Judiciary Committee heard a measure this week that would authorize a district attorney or a city attorney in a jurisdiction with a population that exceeds 750,000 to bring civil actions under the Porter-Cologne Water Quality Act. Currently the Porter-Cologne Water Quality Act authorizes each California regional water quality control board to delegate certain powers to its executive officer. That authorization excludes the executive officer from a delegation of power to ask the Attorney General for judicial enforcement. AB 246 (Bob Wieckowski, D-Fremont) would instead authorize a district attorney or a city attorney to pursue judicial enforcement only after approval by the Attorney General. The measure passed out of the Senate Judiciary Committee 3 to 1 and will be heard in the Senate Appropriations Committee July 11<sup>th</sup>. Farm Bureau opposes.

[SB 900](#) (Darrell Steinberg, D-Sacramento) expands the pool of candidates eligible to serve on regional water quality control boards passed unanimously out of the Assembly Environmental Safety and Toxic Materials Committee on June 28. This measure will allow a person to serve on a regional water quality control board even if they receive, or have received in the previous two years, a portion of their income from someone who is subject to waste discharge requirements governed in another regional board's jurisdiction. Farm Bureau supports.

A bill that would provide a conditional water right registration process for small irrigation projects was unanimously approved by the Senate Natural Resources and Water Committee on June 28. [AB 964](#) (Jared Huffman, D-San Rafael) would provide a means by which growers could obtain authorization to develop small offstream storage projects (no more than 20 acre feet annually) that could be used for irrigation while protecting fisheries. More than one registration may be in effect at any time if there is not more than one diversion and storage facility per 50 acres and if the total water use on all acreage covered by the registration does not exceed 100 acre feet annually. The bill is sponsored by the Wine Institute. Farm Bureau supports.

[AB 1265](#) (Jim Nielsen, R-Gerber), which would reenact the law to allow counties to adopt 10 percent shorter Williamson Act contracts, was approved by the Senate 31 to 0. The shorter contracts would require participating landowners to forego 10 percent of their property tax relief so that counties would continue to offer the land conservation program. The bill was given expedited treatment on the Senate Floor so that the eight counties that adopted the new program last year can continue to move forward in 2011. Those eight counties are Kings, Madera, Mendocino, Merced, Shasta, Stanislaus, Tulare, and Yolo. Senator Lois Wolk (D-Davis) and her staff were instrumental in gaining the rule waivers so the bill could move forward prior to the 4<sup>th</sup> of July recess. The measure will be taken up in the Assembly on July 5 where a unanimous vote is also expected. Farm Bureau has already begun to lay the groundwork for favorable consideration by Governor Brown.

[SB 618](#) (Lois Wolk, D-Davis) that would allow the siting of utility-scale photovoltaic solar (PV) projects on marginally productive or physically impaired Williamson Act land was unanimously approved by the Assembly Agriculture Committee. This measure would implement Farm Bureau's policy relative to large-scale PV projects on land restricted by a Williamson Act contract. SB 618 now moves to the Assembly Appropriations Committee.

The Assembly Environmental Safety and Toxic Materials Committee, on a 6-3 vote, approved placing 10% of the revenues that will be raised by the state's mandatory climate change program (AB 32) funds in the California Communities Healthy Air Revitalization Trust. [SB 535](#) (Kevin De Leon, D-Los Angeles) will set up the process that allows these monies to be used in the most impacted and disadvantaged communities to fund projects that reduce greenhouse gas emissions or mitigate the impact of climate change. Farm Bureau opposes.

Legislation designed to allow all eligible forms of renewable energy to participate in the net metering program passed out of the Assembly Utilities and Commerce Committee on a 13-0 vote. Assembly Members Stephen Knight and Sandre Swanson did not vote on [SB 489](#) (Lois Wolk, D-Davis). The bill continues to garner aye votes despite the ongoing opposition from the utilities. It will be heard next in the Assembly Natural Resources Committee on July 6. Senator Wolk's staff and the sponsor of the bill, California Climate and Agriculture Network, have worked tirelessly to assure its success to date. CFBF continues to work in support of the bill.

California-based businesses that are insured with State Fund are currently required to obtain a separate workers' compensation policy to cover employees who work out-of-state. [AB 228](#) (Filipe Fuentes, D-Los Angeles) clarifies the ambiguity in the current insurance code by clearly stating the authority for employers to seek workers' comp coverage from State Fund for all of their employee's working in-state or out-of-state. Employers will be able to get workers' comp coverage for their employees in a one-stop application instead of going through the process with two or more insurance companies and brokers. AB 228 passed out of the Senate Insurance Committee with a unanimous vote of 9-0. Farm Bureau supports.

Farm Labor Contractors would be required by [AB 243](#) (Luis Alejo, D-Salinas) to disclose information about the farmers and ranchers they work for on their workers' pay stubs. It was passed by the Senate Labor and Industrial Relations Committee on a partisan 5-1 vote on June 29. The bill was sent to the Appropriations Committee due to likely fiscal implications related to enforcement. Farm Bureau opposes.

[AB 1062](#) (Roger Dickinson, D-Sacramento) restricts the use of arbitration agreements in California and would force many employment disputes that could be arbitrated into state courts. The bill was approved by the Senate Judiciary Committee on June 28 on a party-line 3-2 vote. Farm Bureau opposes, along with many employers' organizations. AB 1062 now proceeds to the Senate.

In an effort to undermine the effectiveness of compensation determination in workers' compensation injuries, [AB 1155](#) (Luis Alejo, D-Salinas) would prohibit race or any other protected classification being considered in an apportionment decision. Since such discrimination has already been prohibited by the courts, AB 1155 will invite litigation on a settled matter of public policy and drive up employers' costs of both workers compensation and permanent disability. Farm Bureau and many employers' organizations oppose. The bill was not heard as expected on June 29 in the Senate Labor and Industrial Relations Committee at the author's request.