



May 16, 2014

Governor Brown released his [revised State Budget](#) for FY 2014-15 on Tuesday, May 13th, and it is consistent with his prudent approach to managing the state's fiscal affairs. State revenues are up approximately \$2.4 billion from the January forecasts, but the proposed General Fund spending plan is up the same amount to \$107.8 billion. This is due to a \$1 billion increase in the cost of health care, \$687 million in drought relief, and an increased enrollment in K-12 schools that added \$659 million in costs from the January proposal.

Although several of Farm Bureau's budget priorities were not included in the revised spending plan, including the Career Technical Education grants for agricultural education, Williamson Act funding for counties, and payments in lieu of taxes for lands acquired by the Department of Fish and Wildlife, we will continue to urge funding in the legislative budget process. On a conference call with stakeholders shortly after the governor's press conference, Secretary of Natural Resources John Laird noted that his agency's departments did receive some significant increases in the revised spending plan including: the \$687 million in the drought relief package noted above, \$66 million additional for the Department of Forestry and Fire Protection to help deal with the upcoming fire season, \$39.6 million for the Department of Fish and Wildlife, and \$18.1 million for additional drought related issues to the Department of Water Resources.

Secretary of the California Department of Food and Agriculture Karen Ross also held a conference call and said that \$3.1 million has been designated to keep 16 border inspection stations open year round. A scientist will be hired with \$140,000 from the Greenhouse Gas (GHG) Reduction Fund to help CDFA accomplish the tasks identified in the proposed update of the California Air Resources Board's AB 32 Scoping Plan. These include establishing 2030 and 2050 GHG emission reduction planning targets for the state's agricultural operations and developing a California-specific calculator so growers can use it to estimate GHG emissions and sequestration potential.

Provisions in the Governor's May Revise showed significant adjustments to the areas of groundwater management and drought response. In January the Governor proposed \$2.9 million in General Fund spending for the Department of Water Resources (DWR) to collect and update groundwater data and \$1.9 million from the General Fund for the State Water Resources Control Board (Water Board) to fund 10 new groundwater management positions. The May Revise proposes another increase of \$2.5 million from the General Fund for the Water Board to support local groundwater management efforts and \$4.3 million additional General Fund expenditures to continue enforcement of drought related water rights and water curtailment actions. Additional significant adjustments include the \$18.1 million in General

Fund spending for DWR to assess current surface and groundwater conditions, expedite water transfers, assist local water agencies and to provide public outreach through the Save Our Water campaign.

The governor was also clearly pleased to have negotiated legislative passage of his proposed Rainy Day Fund proposal that will appear on the November Ballot. If the constitutional amendment is approved by the voters, it would take effect for 2015-16. Specifically, the plan is intended to save money or pay down long-term debt whenever capital gains revenue rises to more than 8 percent of General Fund tax revenue. This year, for example, capital gains alone will provide 9.8 percent of all General Fund tax revenue. One and a half percent of the General Fund will also be set aside each year. For the next 15 years, half of all of each year's deposit in the fund must be used to pay down long-term debt. After that time, the remainder will have to be saved or used for supplemental debt payments. The maximum size of the Rainy Day Fund would be capped at 10 percent of revenue.

[SB 1250](#) (Ben Hueso, D-San Diego) that would authorize the issuance of \$10.15 billion in general obligation bonds was scheduled to be heard this week in the Senate Natural Resources and Water Committee, but was pulled by the author. The measure includes \$900 million for clean, safe and reliable drinking water, \$1.3 billion for protecting rivers, lakes, streams and watersheds, \$1.35 billion for water supply reliability and drought preparedness, \$2.25 billion for delta sustainability, \$500 million for groundwater sustainability, \$500 million for water recycling, \$250 million for water conservation and \$3.1 billion continuously appropriated for new water storage. Farm Bureau supports.

[AB 1707](#) (Scott Wilk, R-Santa Clarita) would require the State Water Resources Control Board to post external scientific peer reviews for basin plan amendments and implementing processes on their website. It passed out of the Assembly Appropriations Committee on consent this week. Farm Bureau supports.

[AB 2071](#) (Marc Levine, D-San Rafael) that would allow highly treated recycled water to be used to water livestock passed out of the Assembly Appropriations Committee on consent this week. It would require the Department of Public Health to approve the use of tertiary treated recycled water for pasture animals unless the department determines that it would harm public health. Farm Bureau supports.

[AB 2033](#) (Rudy Salas, D-Bakersfield), that would have appropriated \$4,134,000 from the General Fund to the Department of Education to continue the grant funding for the Agricultural Career Technical Education Incentive Program was amended in the Assembly Agriculture Committee at the request of the chair who strongly supports the Local Control Funding Formula. This original bill was in response to the 2014 state budget proposal to eliminate the designated Proposition 98 funds from the Agricultural Career Technical Education Incentive Grant Program from the state budget by transferring it to the Local Control Funding Formula Program (LCFF). As amended the bill no longer provides the designated funds for the Agricultural Career Technical Education Incentive grant program but requires the State Superintendent of Public Instruction to award a grant for the purpose of leasing or purchasing agricultural career technical education equipment to schools that operate such programs. In addition the school receiving the funds must show how the funds will be used in accordance with the local control and accountability plan for the district. Assembly Member Salas was not happy about the amendments but complied with the committee chair's request to move the bill. He has clearly stated that he will continue to fight for the Agricultural Career Technical Education Incentive grant program to remain in this budget as a designated Proposition 98, General Fund yearly expenditure. The Farm Bureau strongly supports his effort on behalf of Agricultural Education and the FFA program.

The following bills are on the Senate and Assembly Appropriations suspense file and must be taken up by Friday, May 23, the last day for bills to pass and be sent to the floor:

- [AB 1739](#) (Roger Dickinson, D-Sacramento) would require a sustainable groundwater management plan to be adopted by a local agency for high and medium priority groundwater basins. Groundwater basins are identified and prioritized in the Department of Water Resources Bulletin 118 and would also provide for the Local Agency Formation Commission (LAFCO) to provide assistance in forming a local or regional groundwater management agency where one does not exist. AB 1739 establishes timelines and milestones for accomplishing sustainable groundwater management and defines “sustainable groundwater management. Farm Bureau has some concerns about a number of the provisions in the bill and is working with others regarding the protection of overlying groundwater rights. Farm Bureau is opposed unless amended.
- [AB 2268](#) (Frank Bigelow, R-O’Neals), which requires the Department of Fish and Wildlife to undertake a study on the number of wild pigs in California and recommend solutions to the problems they cause, was placed on the Assembly Appropriations Committee’s suspense file this week. Wild pigs cause significant damage to California’s natural environment and to agricultural lands in much of the state. They also present significant food safety risk to certain crops. Assembly Member Bigelow has offered amendments, should the bill come off of the suspense file that would strike the study requirement and instead liberalize hunting rules for wild pigs and allow take without a depredation permit for pigs damaging private property. CFBF is supporting AB 2268.
- [AB 2385](#) (Philip Ting, D-San Francisco), would create a “market match” program for food aid recipients to increase purchases at certified farmers’ markets. There is a privately funded pilot market match project in the Bay Area to increase funds available to low income individuals using CalFresh (formerly food stamps), WIC, Senior Farmers Market, and SSI and SSDI benefits to purchase fruits, nuts and vegetables at certified farmers’ markets. This bill would create a market match program at CDFA so that California could be eligible for grants included in the Farm Bill to increase the market match program. The bill does not include any state funding for the program. CFBF supports AB 2385.
- [AB 2602](#) (Susan Eggman, D-Stockton), sets up a Farm to School program at CDFA by creating standards for administering grants to local schools to incorporate California grown fruits and vegetables in school classrooms and cafeterias. If funds become available, this bill will help schools improve agricultural literacy and nutrition by providing resources to better incorporate the use of California grown fruits and vegetables into their curriculum and school breakfasts and lunches. Farm Bureau supports AB 2602.
- [AB 2656](#) (Brian Jones, R-Santee) will require disclosure of estimated fuel costs arising from the CA Air Resources Board (CARB) greenhouse gas regulations on fuels, known as “Fuels Under the Cap” requirements. As of January 1, 2015 a new set of ~~CARB~~ regulatory requirements on petroleum fuels will be implemented. These regulations require that each gallon of petroleum fuel be subject to a carbon-offset assessment estimated to initially be between 10-12 cents per gallon. Farm Bureau and a broad coalition of businesses are in support.
- [AB 2402](#) (Joan Buchanan, D-Alamo) would appropriate \$2.5 million to the Noxious Weed Management Account from the General Fund for the Weed Management Area (WMA) program.

The program would be administered through the California Department of Food and Agriculture (CDFA) and the County Agriculture Commissioners. The funding would be made available to eligible counties or regional Weed Management Areas through a competitive grant program. Farm Bureau is in support.

- An effort to create a California-only labeling mandate for food that has been genetically modified was held on the suspense calendar of the Senate Appropriations Committee due to state costs. [SB 1381](#) (Noreen Evans, D-Santa Rosa) virtually duplicates Prop 37 that was defeated in the November 2012 election. SB 1381 will increase food costs for California families and raise liability and compliance costs for farmers, grocers and food manufacturers. It will confuse consumers with a label that lacks scientific basis and stigmatizes food that is safe and healthy. It requires packaged and raw agricultural commodities supplied for retail sale to be conspicuously labeled with the words “Genetically Engineered” on the front or back of the package or on the shelf, container or bin. CFBF is working with a large coalition to oppose SB 1381.

If you are able to, please contact [Senate Appropriations committee members](#) by email or phone and let them know that you OPPOSE SB 1381, it would be greatly appreciated. It does not matter if they are your representative or not, the proponents are contacting all the members regardless of where they live in the state.