



May 28, 2010

May 28<sup>th</sup> was the deadline for fiscal committees to report bills to their respective floors so all of the bills previously held on Senate or Assembly Suspense Files had to either move or die. The Senate Appropriations Committee had 128 bills on its Suspense File that could have cost hundreds of millions of dollars if passed. The committee approved 70 bills and most were amended to reduce or eliminate their General Fund cost. The estimated cost of those 70 bills is \$3 million.

Some of the bills of significance to Farm Bureau members that were held by the committee included:

[SB 1153](#) (Loni Hancock, D-Berkeley) that would have authorized the California Energy Commission (CEC) to designate “renewable energy zones” for proposed photovoltaic solar projects without regard to the current or intended use of the property by the affected landowners. Farm Bureau opposed this measure due to its usurpation of county land use planning authority by a non-elected state commission.

[SB 1277](#) (Dean Florez, D-Shafter) would have required the Department of Justice to create an animal abuse registry for people convicted of felony animal abuse offenses. The measure would have cost the state \$750,000 to \$2 million in initial costs with unknown but potentially significant ongoing costs.

The bills of interest to agriculture that were sent to the floor by the Senate’s fiscal committee included:

[SB 991](#) (Lois Wolk, D-Davis) that would appropriate \$30,000,000 from Proposition 1E (2006 Flood Protection Bond Act) for Sacramento-San Joaquin Delta flood control and levee repair projects. It is estimated that the appropriation will create approximately 500 construction jobs and provide flood protection assistance and levee repairs for the Sacramento-San Joaquin Delta. The vote was 7 to 3 with Republicans voting “No.”

[SB 1113](#) (Lois Wolk, D-Davis) would allow the Franchise Tax Board (FTB) to file suit in superior court should the Board of Equalization (BOE) side with the taxpayer in income tax disputes. This would constitute a trial de novo, i.e., a new trial as to law and facts for corporate taxpayers when perceived deficiency amount is over \$1 million or \$100,000 for personal income taxpayers. Perhaps the most onerous part of SB 1113 is the fact that despite the BOE’s decision in favor of the taxpayer, the burden of proof would be shifted to the taxpayer in the superior court trial to prove that the FTB’s determination is incorrect. Clearly, SB 1113 is intended to have a chilling effect on taxpayer appeals because the current BOE tax appeal process provides a relatively inexpensive, accessible, and timely resolution of tax disputes. If taxpayers are faced with the potential that a tax dispute may end up in court, regardless of BOE's determination, many taxpayers may opt to pay their tax liability and attempt to recover a refund through the courts, or simply pay their disputed liability and walk away rather than taking the

time and expense related to adjudication at the courts. The vote was 7 to 3 with Republicans voting “No.” Farm Bureau is opposed to SB 1113.

[SB 1474](#) (Darrell Steinberg, D-Sacramento) would institute California’s own version of “card check” exclusively for agriculture and was sent to the Senate Floor on a party line vote. The bill would deprive farmworkers of their right to decide if they want union representation by secret ballot elections. The vote was 7 to 3 with Republicans voting “No.” Farm Bureau is opposed to SB 1474.

On the Assembly side, the Appropriation Committee considered 307 bills on its Suspense File, but it was less forthcoming with the projected cost of approving nearly 60 percent of the measures.

Some of the bills of significance to farmers and ranchers that were held on the Suspense File included:

[AB 2299](#) (Sam Blakeslee, R-San Luis Obispo) that would have helped ensure, through the creation of an external peer review process, that the California Air Resources Board (CARB) is accurately evaluating the secondary impacts of new rules and regulations, including impacts on the economy, California jobs, and subsequently the state’s General Fund. The intent of the measure was to promote uniformity and transparency without hindering the rulemaking process, and ensure that California had a more accurate assessment of the cumulative impact of proposed rules or regulations. The party requesting a peer review of the economic analysis would have been responsible for the all costs associated with conducting the external peer review. Farm Bureau supported.

[AB 2311](#) (Tony Mendoza, D-Artesia) would have required the executive officer of the Air Resources Board to periodically review the Low Carbon Fuel Standard (LCFS) regulation focusing on the progress made toward the targets, adjustments to the compliance schedule, life-cycle assessments, cost-effectiveness, and the effect of the regulation on state revenues, consumers, economic growth, public health and air quality. The low carbon fuel standard (LCFS) approved by the state requires a 10% reduction in the carbon intensity of gasoline and diesel fuel sold in the state by 2020. Unfortunately, the fuel and vehicle technologies required to meet the LCFS have not yet been invented or are not yet commercially viable. It was hoped that regulatory reviews in 2012, 2015 and 2018 would help to ensure that the LCFS did not negatively impact the delivery of safe, reliable and affordable fuel supplies to California drivers. Farm Bureau supported.

[AB 2492](#) (Tom Ammiano, D-San Francisco) would have created a split-roll property tax by triggering more frequent reassessments of property taxes for corporations, limited liability companies (LLC), partnerships, or other legal entities holding property. The bill would have redefined a "change-of-ownership" for business property when 100% of the ownership interest is sold or transferred in a single transaction or in multiple transactions occurring over a period of up to three-years.

The Assembly Appropriations Committee did approve several bills of significance to the agricultural community including:

[AB 2313](#) (Joan Buchanan, D-San Ramon) which would provide clear statewide criteria for lead agencies to utilize under the California Environmental Quality Act (CEQA) when determining whether a proposed project may have a significant impact on the environment due to greenhouse gas emissions. The piecemeal adoption of different CEQA standards for greenhouse gas emissions reductions in different areas of California is not supported by science. There is also concern that an ad hoc approach will lead to confusion, increased litigation and unnecessarily compromise California’s efforts to achieve the goals of AB 32 while maintaining a sound economy. Farm Bureau supports.

[AB 1960](#) (Fiona Ma, D-San Francisco) would require state agencies to purchase California grown fruit, nuts and vegetables whenever possible if the quality is comparable to other produce and the price is equal to or less than the imported alternative. The bill was amended by the committee to reduce the workload associated with compliance and it now moves to the Assembly Floor. Farm Bureau supports.

[AB 2446](#) (Warren Furutani, D-Long Beach) would add Career Technical Education (CTE) courses as an option for students to fulfill high school graduation requirements. The bill would provide students with additional educational and curricular options by recognizing that CTE is a valuable part of preparing students for their future careers. AB 2446 passed out of the Assembly Appropriations Committee and will be heard next on the Assembly floor. Farm Bureau supports.

The Senate Budget and Fiscal Review Subcommittee No. 4 on State Administration once again refused to augment the governor's proposed funding level for the Williamson Act subventions. In its first hearing since the release of Governor Schwarzenegger's May budget revision, Chair Mark DeSaulnier agreed to hear additional public testimony from Farm Bureau and the Regional Council of Rural Counties but would not entertain a motion to increase the funding above the proposed \$1000. This action effectively endorses the governor's continued suspension of the counties backfill. At a previous hearing more than a dozen groups from the Save the Williamson Act Coalition testified in support of the program and urged the committee to add \$28 million to the state spending plan so that counties would continue to offer the program. Despite the subcommittee's staff recognition that the program "is supported by all 120 members of the legislature," the consultants lamented that there is just no General Fund money for the program.

Farm Bureau and other agricultural groups met again this week to discuss possible alternative sources of revenue that might encourage counties to continue to offer the program, perhaps at a modest cost to participating landowners. The concept under consideration would authorize counties to charge a modest fee or charge for continued participation in the Williamson Act, while allowing those with Williamson Act contracts to continue to enjoy over 90 percent of the program's property tax relief.