

Date of Hearing: March 15, 2023

ASSEMBLY COMMITTEE ON AGRICULTURE
Robert Rivas, Chair
AB 552 (Bennett) – As Amended March 6, 2023

SUBJECT: Agriculture: Regional Farmer Equipment and Cooperative Resources Assistance Program

SUMMARY: This bill establishes the Regional Farmer Equipment and Cooperative Resources Assistance Program (RFECR program) at the Department of Conservation (DOC) with the purpose of setting up farm equipment sharing programs across the state. Specifically, *this bill*:

- 1) Establishes the RFECR program within DOC.
- 2) Requires DOC to provide technical assistance, including application assistance, and grants in order to support regional farm equipment sharing and enhance cooperative benefits for socially disadvantaged farmers and ranchers (SDFR) and limited resource farmers and ranchers (LRFR).
- 3) Require that eligible entities for RFECR grants include resource conservation districts, county agricultural commissioners, the University of California Cooperative Extension, tribal entities, small and underserved farmer cooperatives, and nonprofit organizations serving SDFR or LRFR, or both.
- 4) Requires eligible activities of the RFECR program to include, but are not limited to, all of the following:
 - a) Grants to eligible entities to develop and expand equipment sharing including, but not limited to, both of the following:
 - i) The purchase of tools, equipment, and infrastructure to support conservation practices including, but not limited to, soil health practices, water conservation, and wildfire resilience.
 - ii) The purchase of tools, equipment, and infrastructure to enhance regional food and fiber systems and cooperative resources for SDFR and LRFR.
 - b) Grants to eligible entities to provide technical assistance and support, including, but not limited to, any of the following.
 - i) Application assistance.
 - ii) Cooperative development.
 - iii) Training on the use and maintenance of tools, equipment, and infrastructure.
 - iv) Outreach to ensure direct and meaningful benefits to SDFR and LRFR.

- 5) Requires applicant to provide DOC all of the following information:
 - a) A description of the types of tools, equipment, and infrastructure the applicant will purchase.
 - b) A description of the lending program, including safeguards for the long-term benefits of any tools, equipment, or infrastructure purchased, expected benefits of the lending program, and the types of farmers the applicant aims to serve, including specific outreach that will be provided to SDFR and LRFR.
 - c) A description of how the lending program will be maintained after the period of the grant expires.
 - d) Documentation that the lending program's tools, equipment, and infrastructure will be primarily used on farms or ranches that are 500 acres or less.
 - e) The type of technical assistance to be provided during the grant period including, but not limited to, cooperative development, equipment maintenance of tools, and small farm tool demonstrations.
- 6) Requires DOC, in providing grants pursuant, to do both of the following:
 - a) Provide grants to eligible entities that primarily serve SDFR.
 - b) If there are moneys available after providing grants, provide grants to eligible entities that primarily serve LRFR.
- 7) Allows DOC to expand or amend an existing grant program to meet the requirements of this section.
- 8) Requires funding for RFECR program to be made available upon appropriation by the Legislature.
- 9) Defines the following:
 - a) "Limited resource farmer or rancher" has the same definition as in Section 760.107 of Title 7 of the Code of Federal Regulations.
 - b) "Socially disadvantaged farmer or rancher" has the same meaning as defined in Section 512 of the Food and Agricultural Code.

EXISTING LAW:

DOC administers various programs relating to agriculture including the California Farmland Conservancy-Program (CFCP). *Public Resource Cod (PRC) 10200 - 10264*

Allows CFCP to offer financial assistance, including grants or contracts, for projects and activities on agricultural lands that support agricultural conservation and sustainable land management, as specified. *PRC 10230.2*

FISCAL EFFECT: Unknown

COMMENTS: California is the largest agriculture producing state in the nation, with over 400 crops. California farms are smaller than the national average. The most recent USDA Agriculture census showed that 65% of the farms in California are under 50 acres. While all farming in California face numerous issues such as labor, regulations, equipment and land cost, not to mention fire, drought and floods, this issues affect small farms more intensely.

Small-scale, SDFR, LRFR, and beginning farmers and ranchers face significant barriers in accessing infrastructure resources. After land, the purchase of farm equipment and infrastructure is the second largest capital investment and remains difficult to get to for small, underserved and beginning farmers with limited cash flow for major purchases. These small-scale farming operations require a greater variety of costly equipment and some high-capital equipment is only used a few times a year. Cooperatively managed equipment sharing can help address these infrastructure barriers and increase farm viability, while supporting implementation of conservation practices and maximizing efficient use of equipment.

The appeal of cutting equipment investment costs has driven the development of standard equipment sharing organizations around the globe. In Sweden, machine rings (equipment sharing groups) started at the beginning of the 1990s and now number 20 local associations with about 5000 members (about 6% of Swedish farmers) - while Germany has about five times that amount of equipment sharing activity. Canadian farmers in Ontario and Saskatchewan have formed numerous machinery cooperatives. However, the US is comparatively far behind. The reason seems to be largely a cultural one: while equipment-sharing has been proven successful elsewhere, there is a persistent impression that tool sharing is unlikely to work or not worth the hassle.

Equipment sharing programs allow farmers to borrow or lease high-value equipment from regional agricultural centers such as fairgrounds, universities, cooperative extension offices, farmer cooperatives, and resource conservation districts (RCD). These programs aim to alleviate the financial burden for farmers, increase on-farm safety, reduce emissions, incentivize conservation practices, and provide necessary resources to producers. There is evidence of successful state-government-run equipment sharing programs in states like the Southern Maryland Agricultural Development Commission equipment sharing and rental program and several of New Hampshire's County Conservation Districts have equipment rental programs to allow farmers to borrow specialized equipment at a low cost for soil health and nutrient management practices.

This bill hopes to create the RFECR program at DOC to facilitate a competitive grant program. Eligible groups for the grants include, but not limited to RCDs, UC Cooperative Extension offices, Agricultural Commissioners, Tribal Communities & Governments, as well as appropriate non-profit organizations and farmer cooperatives. According to supporters, this bill will support small farm equipment lending programs across the state by funding both existing and new programs to purchase equipment, infrastructure, maintenance, and training, as well as some personnel costs. Furthermore, this program would support essential training for farmers on new and innovative small-farm equipment, equipment maintenance, as well as cooperative development on how to participate and design farmer cooperatives. This bill makes SDFR and LRFR a priority for the equipment sharing program and will work to ensure there is technical assistance to aid in the success of those who use the RFECR program.

REGISTERED SUPPORT / OPPOSITION:

Support

California Climate and Agriculture Network (Sponsor)
Community Alliance With Family Farmers (Sponsor)
California Food and Farming Network

Opposition

None on file

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