

Date of Hearing: April 10, 2024

ASSEMBLY COMMITTEE ON AGRICULTURE
Esmeralda Soria, Chair
AB 2734 (Connolly) – As Introduced February 15, 2024

SUBJECT: Agriculture: Cannella Environmental Farming Act of 1995

SUMMARY: Requires the California Department of Food and Agriculture’s (CDFA) Scientific Advisory Panel on Environmental Farming (SAPEF) to consult with CDFA’s California Organic Products Advisory Committee (COPAC) on issues related to Certified Organic Products and the Healthy Soils Program (HSP), among other issues. Specifically, *this bill*:

- 1) Requires SAPEF to consult with COPAC on all of the following:
 - a) The number of producers certified organic that receive an HSP grant.
 - b) The education, outreach, and technical assistance needs of certified organic producers applying for HSP grants.
 - c) Advising the State Air Resources Board on the funding guidelines for agencies that administer California climate investments to support certified organic producers in receiving HSP grants, including, but not limited to, removing the requirement for certified organic producers to implement new practices to qualify for HSP grants.
- 2) Requires CDFA to provide grants of up to five years for on-farm demonstration projects.
- 3) Allows CDFA to consider regional variation in input costs when setting incentive payment rates.
- 4) Requires CDFA to establish an advance payment rate of up to 50 percent, as specified, for incentive payments made pursuant to HSP.
- 5) Allows equipment sharing to be funded by the Climate Smart Agriculture Technical Assistance Grant Program.
 - a) States that allowable equipment sharing costs include developing and expanding equipment sharing programs, including, but not limited to, the purchase and repair of tools, equipment, and infrastructure, and associated administrative, training, and outreach costs.
- 6) Requires, on or before January 1, 2027, CDFA to establish a common application for all of the Climate Smart Agriculture Incentive (CSAI) programs, including the Alternative Manure Management Program (AMMP), HSP, and the State Water Efficiency and Enhancement Program (SWEEP).
 - a) Requires the application to have the ability to save and share data between all of the CSAI programs.

EXISTING LAW:

- 1) Requires CDFA to establish and oversee an environmental farming program to provide incentives to farmers whose practices promote the well-being of ecosystems, air quality, and wildlife and their habitat.
- 2) Requires the Secretary of CDFA to convene the SAPEF for the purpose of providing advice to the secretary on the implementation of HSP and SWEEP, as specified.
- 3) Requires CDFA, in consultation with the SAPEF, to establish and oversee an HSP to seek to optimize climate benefits while supporting the economic viability of California agriculture by providing incentives, including loans, grants, research, and technical assistance, as specified.
- 4) Authorizes the HSP to also include the funding of on-farm demonstration projects that further the goals of the program.
- 5) Establishes the Climate Smart Ag Grant Program to provide funds to technical assistance providers to provide technical assistance to applicants of the HSP, AMMP, and SWEEP.

FISCAL EFFECT: Unknown.

COMMENTS: SAPEF is charged with reviewing and documenting agriculture's positive impacts to the environment and will examine issues such as ecosystem services and how they relate to agriculture. So far this year SAPEF has looked at Climate Resilience Strategy for California Agriculture, Climate Smart Agriculture Technical Assistance Program Updates and Defining Regenerative Agriculture.

This bill seeks remedy some of the following issues with the HSP:

- 1) Input costs vary across the state but the reimbursement rate for the Healthy Soils Program incentive grants is a flat rate regardless of this regional variation. The result is that farmers in regions with higher input costs experience higher project costs than are covered by the grant program.
- 2) HSP provides reimbursement to farmers. This means that farmers must cover the upfront costs of completing the project, which can be an insurmountable barrier to small scale and socially disadvantaged producers who can farm on thinner margins and face systemic barriers to accessing capital.
- 3) Small-scale producers struggle with paperwork burdens and complicated application processes.
- 4) Organic farmers feel disincentivized from participating in HSP because it only funds farmers to implement new practices, which organic farmers already would have implemented as a requirement of organic certification.
- 5) Equipment sharing as part of HSP grant awards to reduce costs for small and underserved farmers. Small and underserved farmers find it difficult to purchase equipment after

purchasing the land and the costs associated with being a farmer. Equipment sharing can help reduce and control the costs of farming.

According to the author, this bill will address many issues listed and will have a positive impact on small, underserved, and marginalized farmers because we are opening more opportunities. This bill hopes to change the HSP grant program to specifically address the following issues that disproportionately impact small scale, underserved, and marginalized farmers:

- 1) Increasing the advance payment rate to 50% so farmers do not need to rely on large loans and capital to apply for the incentive program. Small-scale, underserved, and marginalized producers often work on thinner margins with a reduced capacity to cover upfront costs.
- 2) Allowing for regional variation in reimbursement rates to ensure small-scale producers across the state have access to the Healthy Soils Program incentive grants even if they are located in areas with higher costs of production.
- 3) Creating a common application is particularly important for small scale producers. Unlike large scale producers that can hire consultants or employees to file paperwork, small-scale farmers often fill out paperwork themselves, which takes up valuable time during an already-busy day. Creating a common application for Climate Smart Agriculture grant programs means small scale producers only need to fill out paperwork a single time to then be eligible for multiple grant opportunities.
- 4) Equipment sharing provides direct assistance to small, underserved, and marginalized farmers because it saves them money by not having to outright purchase equipment. Farming equipment can cost thousands of dollars, which can be difficult for small, underserved, and marginalized farmers to afford, especially when starting a new farm.
- 5) Small and underserved farmers need technical assistance, and this bill bolsters technical assistance by providing grants for up to five years for on-farm demonstration projects. Demonstration grants directly impact small, underserved, and marginalized farmers because they provide the knowledge required to be successful in farming. Farmer-to-farmer networking in the demonstration projects has allowed shared learning across the farming community. Normally, small, underserved, and marginalized farmers would not have access to the information.

REGISTERED SUPPORT / OPPOSITION:

Support

Agricultural Institute of Marin
Agriculture and Land-based Training Association
California Certified Organic Farmers (CCOF)
California Climate & Agricultural Network (CALCAN)
California Food and Farming Network
Cardoza & Cardoza Farming Co.
Center for Food Safety; the
Ceres Community Project

Cleanearth4kids.org
Health Care Without Harm
Pesticide Action Network
Roots of Change
Sustainable Agriculture Education
Sustainable Rossmoor
Wise Goat Organics

Opposition

None on file.

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