

Date of Hearing: June 23, 2021

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

SB 574 (Laird) – As Amended March 4, 2021

SENATE VOTE: 38-0

SUBJECT: Agricultural preserves: Williamson Act.

SUMMARY: Narrows the role of the Department of Conservation (DOC) in administering the Williamson Act (Act). Specifically, **this bill:**

- 1) Repeals the ability of DOC to agree on a cancellation value for contracted land with a landowner, along with the requirement that the department provide a preliminary valuation to the applicable assessor.
- 2) Repeals the requirement that DOC approve cancellation of a farmland security contract.
- 3) Revises the requirement for local agencies that participate in the Williamson Act to provide maps of agricultural preserves to DOC to instead require them to provide GIS data files and extends the date by which local agencies must provide this information to DOC.
- 4) Revises and repeals various minor noticing and reporting requirements.
- 5) Requires DOC to provide information on all participating jurisdictions on its website annually, instead of annually compiling a report on one-third of the participating jurisdictions.
- 6) Narrows the types of information that DOC must report annually pursuant to 5) by repealing the requirement to list the number of nonrenewals and withdrawals and the number of acres covered by nonrenewals that were not withdrawn.
- 7) Makes other technical and conforming changes.

EXISTING LAW:

- 1) Creates the Williamson Act, also known as the California Land Conservation Act of 1965, which authorizes cities and counties to enter into agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 10 years in exchange for lower assessed valuations for property tax purposes.
- 2) Creates Farmland Security Zones which authorizes cities and counties to allow agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 20 years in exchange for lower-assessed valuations for property tax purposes. The lowered assessed value, under Farmland Security Zones, is greater than under the Williamson Act.

FISCAL EFFECT: According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

COMMENTS:

- 1) **Background.** The California Land Conservation Act of 1965, also known as the Williamson Act, is a program administered by the DOC to conserve agricultural and open space land. The Williamson Act allows private property owners within “an agricultural preserve” to sign voluntary contracts with counties and cities that restrict their land to agriculture, open space, and compatible uses for the next 10 years. These agricultural preserves are areas where a county, or less often a city, wants to protect and promote agricultural uses. To establish an agricultural preserve, the board of supervisors (board) or city council must adopt a resolution that describes the area covered by the preserve.

Williamson Act contracts automatically renew each year, so that the term is always 10 years in the future. In return for these voluntary contracts, county assessors lower the value of Williamson Act contracted lands to reflect the value of their use as agriculture or open space instead of their market value under Proposition 13 (1978). In 1998, the Legislature created an option of establishing a Farmland Security Zone, which offers landowners a greater property tax reduction for a minimum 20-year contract (SB 1182, Costa). The Revenue and Taxation Code sets out valuation procedures for land under Williamson Act and Farmland Security Zone contracts, as well as for other lands whose use is enforceably restricted in various ways, including scenic restrictions, open space easements, restrictions for timber cultivation, and wildlife habitat contracts.

A landowner who wants to develop land restricted by a Williamson Act contract has three options: nonrenewal, cancellation, or rescission. The normal way to end a Williamson Act contract is for either the landowner or local officials to give "notice of nonrenewal," which stops the automatic annual renewals and allows the contract to run down over the next 10 years.

Alternatively, local officials can cancel a contract at the request of the landowner. To do so, local officials must make findings that cancellation is in the public interest and that cancellation is consistent with the purposes of the Williamson Act. In addition, the landowner must pay a cancellation fee that is equal to 12.5% of the “cancellation valuation” of the property, or 25% in the case of a farmland security contract. The board or city council first issues a notice of tentative cancellation, which becomes final after the landowner meets any conditions or contingencies of the cancellation and any fees are paid. Cancellation of a farmland security contract also requires DOC approval. If the landowner cannot meet the conditions, the board or city council must record a certificate of withdrawal of cancellation.

Typically, the county assessor determines the cancellation valuation, which is set at the property's unrestricted market value. However, a landowner and DOC can separately agree on a cancellation valuation for the land, which takes the place of the value identified by the county assessor. Local officials may approve or deny a cancellation once the cancellation value is determined. Revenues from this cancellation fee are remitted to the state. However, the Williamson Act also allows local jurisdictions to levy their own cancellation fees in addition to the state cancellation fee. The local government retains revenues from the local cancellation fee.

If DOC and the landowner agree upon a cancellation value on a contract with a city or county that includes an additional cancellation fee, the department must provide a preliminary valuation to the assessor and the board or city council at least 60 days before the effective date of the final cancellation valuation. The preliminary valuation must include a description of the rationale and facts considered by DOC in determining the cancellation value, and the assessor may comment to the board or council on DOC's cancellation value.

The third option is rescission. Rescission occurs when the county supervisors cancel a Williamson Act contract, but the landowner simultaneously puts an agricultural conservation easement or open space easement on other land of equal or greater value.

Historically, the state made subvention payments to counties to make up for a portion of the resulting losses in local property tax revenue from Williamson Act and Farmland Security Zone contracts, and other enforceable open space restriction programs. Subvention payments totaled about \$35 million to \$40 million each year from 1994 to 2008. However, the state stopped making subvention payments in fiscal year 2009-10 in response to budgetary pressures.

- 2) **Author's Statement.** According to the author, "SB 574 will strengthen local control of Williamson Act implementation, reduce workload for counties, cities, and the state and improve the Department of Conservation's ability to support local planning departments and monitor statewide participation in the Williamson Act. Specifically, this bill will:
- Reduce county/city reporting requirements that do not provide meaningful benefit. This will reduce county/city planning department and state workload;
 - Reduce unnecessary state noticing requirements for local Williamson Act contracts and planning matters;
 - Reduce redundant state commenting processes that are already accomplished through the CEQA process;
 - Avoid potential conflicts of interest by removing the option for landowners to avoid the county Assessor's appraisal and negotiate directly with the State for land valuation used in a Williamson Act contract cancellation;
 - Reduce categories for data reporting that are inconsistently provided to the state, reducing county/city staff administrative time;
 - Improve the Department's ability to provide technical assistance to counties and cities by reducing state administrative workload;
 - Require consistent GIS data reporting on Williamson Act contracts from every county.

"These reforms will allow the Department to provide a one-stop source for Williamson Act data to assist local CEQA and other land use work statewide and strengthen the Department's ability to monitor the impacts that the Williamson Act is having to protect the state's most important agricultural lands from development."

- 3) **Bill Summary.** This bill narrows the role of DOC in administering the Williamson Act. It repeals the ability of DOC to agree on a cancellation value for contracted land with a landowner, along with the requirement that the department provide a preliminary valuation to the applicable assessor. It also repeals the requirement that DOC approve cancellation of a farmland security contract.

This bill revises the requirement for local agencies that participate in the Williamson Act to provide maps of agricultural preserves to DOC to instead require them to provide GIS data files and extends the date by which local agencies must provide this information to DOC, and revises or repeals various minor noticing and reporting requirements.

This bill requires DOC to provide information on all participating jurisdictions on its website annually, instead of annually compiling a report on one-third of the participating jurisdictions, and narrows the types of information that DOC must report annually pursuant by repealing the requirement to list the number of nonrenewals and withdrawals and the number of acres covered by nonrenewals that were not withdrawn.

This bill is sponsored by the author.

- 4) **Arguments in Support.** The Counties of Kern, Madera, Stanislaus, and Tulare write, “One objective of the Open Space and Conservation Element of the General Plan is ‘to encourage continued, and where possible, increased agricultural activities on lands designated for agricultural use.’ The General Plan also provides that a County ‘shall actively encourage enrollments of Agricultural lands in its Williamson Act program, particularly on the edges of new growth areas.’

“The State ended subvention payments to counties in 2010, and although it was expected that participating jurisdictions would reduce or eliminate the Williamson Act program without state financial support, this proved to be largely unfounded. The State’s role has now shifted from an audit and oversight function to one that supports strong local implementation of the Williamson Act.

“Proposed changes within SB 574 will eliminate some currently mandated DOC administrative tasks and consultation requirements that are nonessential in the operation of this locally implemented program. With consistent and accurate data reporting, a database of enrolled lands could be better used by statewide agencies in their land use planning to meet conservation, biodiversity, and climate goals.”

- 5) **Arguments in Opposition.** None on file.
- 6) **Double-Referral.** This bill is double-referred to the Agriculture Committee, where it passed on a 11-0 vote on June 16, 2021.

REGISTERED SUPPORT / OPPOSITION:

Support

County of Kern
County of Madera
County of Stanislaus
County of Tulare
The Land Conservancy of San Luis Obispo

Opposition

None on file.

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