



DEPARTMENT OF PLANNING AND BUILDING

TO: BOARD OF SUPERVISORS

FROM: AGRICULTURAL PRESERVE REVIEW COMMITTEE

VIA: WARREN HOAG, AICP, DIVISION MANAGER, CURRENT PLANNING

DATE: AUGUST 25, 2009

SUBJECT: AGRICULTURAL PRESERVE REVIEW COMMITTEE'S COMMENTS ON STATE BUDGET CUTS FOR OPEN SPACE SUBVENTIONS TO COUNTIES AND CITIES PARTICIPATING IN THE WILLIAMSON ACT (ITEM D-1, REVIEW IMPACTS OF THE RECENTLY AMENDED 2009 -2010 STATE BUDGET TO THE COUNTY'S 2009 – 10 BUDGET)

Summary

At the request of the Agricultural Preserve Review Committee, staff is forwarding these comments to the Board of Supervisors for consideration as part of their review of Item D-1 on today's agenda regarding the impacts on the county budget of the amended state budget for 2009 – 10. The Agricultural Preserve Review Committee reviewed the Governor's action to cut the current Williamson Act subvention from the 2009 -10 state budget as a discussion item at their August 17, 2009 regular meeting. The consensus of the Review Committee was to recommend that your Board continue to support our county's participation in the Williamson Act program and to strongly urge that the state subvention funding be restored in order to continue providing partial reimbursement of county tax revenue losses incurred by implementation of the Williamson Act. If eliminated in future years, the annual revenue loss for San Luis Obispo County would amount to approximately \$1 million per year.

Discussion

The Williamson Act, or California Land Conservation Act of 1965, is the county's most important program for protecting agricultural land. Nearly 66% of the county's agricultural land, or approximately 37% of all county land (789,087 acres of the 2,124,000 total acres), is subject to land conservation contracts. The Williamson Act is an important growth management tool for local government and agriculture because it provides certainty to landowners that they will be able to farm without encroachment of incompatible non-farm uses. Increasing conservation efforts by private and public groups point to the importance of a variety of efforts to protect our most valuable resources for the future of agriculture and open space. The Williamson Act's assessment of low income - high valued agricultural lands is especially important to this coastal county.

The state payment to the county in 2008-2009 fiscal year would have been approximately \$1 million. However, with the 10% reduction approved in the adopted 08-09 budget, the amount the county actually received was about \$900,000. The entire subvention amount was eliminated for the upcoming 2009-2010 state budget cycle which has historically been about \$1 million per year.

Memo to the Board of Supervisors

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The Williamson Act has always been a partnership between the state, the county, and private landowners. Open space subventions, which began in 1971, represent the state's good faith incentive for counties and cities that offer the program to landowners. The Agricultural Preserve Review Committee strongly feels that the action to eliminate subventions from the amended state budget sends the wrong message to local government by implying that the state is no longer committed to preservation of agriculture. Local government is also currently affected by increasing monetary woes where loss of open space subventions could adversely affect political decisions that could undermine the present success of the Williamson Act.

The Agricultural Preserve Review Committee encourages the Board of Supervisors to continue to support our county's participation in the Williamson Act program and to strongly urge that the state subvention funding be restored in order to continue providing partial reimbursement of county tax revenue losses incurred by implementation of the Williamson Act.

c: Jim Grant, Interim County Administrator
Kami Griffin, Assistant Planning Director
Robert Lilley, County Agricultural Commissioner

The Williamson Act: Past, Present, Future?

The Summary Report from the
Legislative Oversight Hearing

Wednesday, March 3, 2010
State Capitol, Sacramento, California

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A copy of this summary report appears on the Senate Local Government Committee's webpage: www.sen.ca.gov/locgov

The Williamson Act: Past, Present, Future? A Legislative Oversight Hearing

On Wednesday, March 3, 2010, the Senate Local Government Committee held an oversight hearing on the California Land Conservation Act of 1965 --- better known as the Williamson Act. The hearing began promptly at 9:30 a.m. and continued until 11:40 a.m. Held in Room 112 of the State Capitol in Sacramento, the Committee's hearing attracted about 60 people.

Four of the five Committee members participated in the oversight hearing:

Senator Dave Cox, Committee Chair
Senator Christine Kehoe, Committee Vice Chair
Senator Sam Aanestad
Senator Curren D. Price, Jr.

Three other legislators joined the Committee members' hearing:

Senator Lois Wolk
Assembly Member Anna Marie Caballero
Assembly Member Mariko Yamada

This report contains the staff summary of what happened at the Committee's hearing [*see the **white** pages*], reprints the Committee staff's briefing paper [*see the **blue** pages*], and reproduces the written materials provided by the speakers and others [*see the **yellow** pages*].

Senate staff video-recorded the entire hearing and it is possible to purchase DVD copies by calling the Senate TV and Video Program at (916) 651-1531. It's on the California Channel's website: www.calchannel.com/channel/viewvideo/1099

STAFF FINDINGS

After reviewing the speakers' presentations and written materials, and thinking about the comments that the legislators made during their oversight hearing, the Committee's staff reached these findings:

- County officials, conservation groups, and landowners generally support the Williamson Act's voluntary contracts, the use-value property tax assessments, and the state subventions to county governments.

- Governor Schwarzenegger's near-elimination of the state subventions in 2009-10 makes it tough for counties to remain in Williamson Act contracts.
- Unless the Legislature restores the subventions in 2010-11 --- wholly or partially --- more counties will follow Imperial County's example and nonrenew their Williamson Act contracts.
- If contract nonrenewals spread, it may be impossible to replace Williamson Act contracts on millions of acres of agricultural and open space land.
- Legislators want to explore other revenue sources to replace the State General Funds to pay for the state subventions to counties.
- Some legislators want to consider statutory changes to the Williamson Act that will focus attention on farm and ranch land of statewide importance.
- Some legislators worry about landowners who transfer or sell their water rights from Williamson Act contracted land, making the property less productive.
- Some legislators want to explore other long-term ways to preserve agricultural and open space lands, possibly income tax relief for the landowners as an alternative to use-value property tax relief.

OPENING REMARKS

After conducting the Committee's regular business and passing three bills, **Senator Cox**, the Committee Chair, turned to the Williamson Act topic. He noted that the dramatic cut in direct state subventions to counties caused many to question the state government's commitment to the conservation of agricultural land and open space. Just last week, the Senator reported, Imperial County's board of supervisors voted to nonrenew their Williamson Act contracts.

This oversight hearing will allow legislators to learn more about the Williamson Act, **Senator Cox** stated, allowing them to speak up during other committee hearings, budget debates, and in caucus meetings. The hearing is a chance to listen closely to county officials, conservation groups, and landowners about the future of the Williamson Act.

STAFF BRIEFING

Before the hearing, the legislators received a briefing paper, including suggested questions for the speakers. The appendix reprints that paper. [*See the blue pages.*]

Committee consultant **Peter Detwiler** briefed the legislators about the Williamson Act by taking apart the statute's formal name, the California Land Conservation Act of 1965, and describing each of those terms. "California is just like the rest of the United States, only more so," said Detwiler as he explained that the law simultaneously serves multiple goals. The state's literal foundation is the "land," and the Act affects about one-third of all private, non-forested land in California. He handed out two charts prepared by the State Department of Conservation which showed how much Williamson Act contracted land was in each county and how much the counties claimed in state subventions for 2007.

The term "conservation" in the law's formal name was intentional, Detwiler said. "It's 'conservation' like Gifford Pinchot, not 'preservation' like John Muir." Under the Williamson Act, landowners "grudgingly give way" to development at regional edges through nonrenewal, cancellation, and public acquisition. The "Act" was a conscious adoption of three statutes covering the contracts, property reassessments, and the subvention program.

The "1965" in the title is significant, Detwiler argued, because the law reflects the historical, economic, and political context that existed 45 years ago. Referring to a chart on pages 6 and 7 in the Committee's briefing paper, Detwiler explained that the Williamson Act predated robust land use planning and zoning practices, the California Environmental Quality Act (CEQA), local agency formation commissions' (LAFCOs) spheres of influence and municipal service reviews, alternative easements, and the profound fiscal shifts caused by the Serrano decision and Proposition 13. "Like any 45-year old," said Detwiler, "The Williamson Act may be having a mid-life crisis."

THE SPEAKERS

The Committee invited nine people to speak, organized into three panels based on their points-of-view: county officials, conservation groups, and landowners. Legislators invited the speakers to provide written materials to supplement their brief remarks. The witnesses whose names appear with an asterisk (*) provided written materials. The appendix reprints the speakers' materials. [*See the yellow pages.*]

Counties' Reactions and Advice

The first panel consisted of county officials with considerable experience with the Williamson Act:

Honorable Judy Case, County Supervisor*
County of Fresno

Susan Thompson, County Administrative Officer*
County of San Benito

Ted James, Planning Director*
County of Kern

Fresno County Supervisor **Judy Chase** spoke on behalf of the California State Association of Counties (CSAC), as well as her own county. She warned legislators that another year without state subvention payments could be “the last straw” that would cause counties to nonrenew their Williamson Act contracts. The Supervisor presented the results of CSAC’s recent survey of its members which elicited responses from 23 counties. Although a majority indicated that they have continued their contracts, the survey represents just a “snapshot in time.” Once counties nonrenew, she cautioned, it’s almost “impossible to reverse” those decisions. Continuity is important, she said, asking legislators to “reinvest” in the program.

Answering a question from **Senator Wolk**, Chase said that Fresno could nonrenew if the state government doesn’t resume its subventions. **Senator Price** asked how Fresno County dealt with the loss of subventions. Chase explained that the \$5.6 million in state subventions was small compared to her county’s \$1.7 billion annual budget, but the subventions were an important part of the County’s discretionary revenues.

Declaring that “we are ready to work with you,” San Benito County Administrative Officer **Susan Thompson** told the legislators that the continuation of the Williamson Act is “critical for small counties.” Thompson said that she was speaking on behalf of the Regional Council of Rural Counties, in addition to her own county. While the loss of state subventions is a blow to rural counties’ budgets, the “bigger message ... is that the Williamson Act is good policy” which is as relevant in 2010 as it was in 1965. While her county has not issued contract nonrenewals, it has stopped accepting additional applications from landowners. With 76% of San Be-

nito County's private land under contract, the program is important to keeping both row crops and rangeland in production. Thompson gave the Committee two examples of large development projects that County officials were able to deflect because of its commitment to the Williamson Act. **Senator Aanestad** was interested in the state subventions' effects on the County's budget.

Speaking for the California County Planning Directors' Association was **Ted James** who is also Kern County's Planning Director. Williamson Act contracts help counties discourage "leapfrog development," he said, demonstrating the state law's "on the ground effectiveness." While the County's general plan and zoning ordinance are "in my arsenal" to shape development patterns, James said that those tools are only as good as the county supervisors' political will. The Act "has more teeth for me" because of the contracts' self-renewing obligations. The Williamson Act contracts plus the County's use of CEQA, mitigation requirements, subdivision standards, and LAFCO decisions help retain land in agricultural use. He gave the legislators a recent example of how the Kern County LAFCO turned down the City of Bakersfield's attempt to annex land because of the development pressures that it would have created.

Conservation Organizations' Reactions and Advice

Having heard from county representatives about their interest in continuing Williamson Act contracts and state subventions, the Committee turned to conservation groups for their perspective:

Brian Leahy, Division of Land Resource Protection*
State Department of Conservation

Edward Thompson, Jr., California Director*
American Farmland Trust

Michael B. Endicott, Resource Sustainability Advocate*
Sierra Club - California

Brian Leahy is the State Department of Conservation's Assistant Director who manages the Division of Land Resource Protection. Half of California's land area is owned by the federal and state governments, with the remainder in private ownership. Leahy displayed a large California map and pointed out the grazing land in yellow and irrigated farmland in green for the legislators. Ranching and farming

may be the “highest-and-best-use” for these soils, although perhaps not the most economical. With the development pressures expected over the next 40 years, there’s “not a lot of land left” for other uses, Leahy explained. Calling the Williamson Act a “very effective” program, he said that the contracts are “the excuse” that allow local officials to say “no” to development.

Senator Aanestad told Leahy that “it’s your fault” that the subventions disappeared in 2009-10. Echoing the hearing’s subtitle, Senator Aanestad said that the Williamson Act’s past has been “successful,” but he’s “very much concerned” about the present, because the Administration seems to leave the future up to others. The “state is not holding up its end of the bargain” in what should be a state-local partnership, the Senator declared. We “can’t just leave the locals in the lurch,” said the Senator, especially not the 12 rural counties in his Senate district. Aanestad said he was “adamant” about the need to restore the subventions. When the Senator asked about the likelihood of restoring the state subventions in 2010-11, Leahy described the Administration’s reasoning for cutting the subventions and replied that he doesn’t “see any reason for that logic to change.”

Senator Wolk claimed that the Administration doesn’t care about the program. She asked Leahy if there are funding sources for state subventions other than the State General Fund and if statutory changes should tighten up on compatible uses, including regulating water transfers. Leahy said that it was “not our place to comment” on water transfers, but selling permanent water rights affects the long-term productivity of Williamson Act contracted lands.

The California Director for the American Farmland Trust, **Ed Thompson**, told the legislators that he wanted to make three points: (1) the Williamson Act is a bargain for state taxpayers, (2) the Act needs significant improvements, and (3) legislators need to do even more to effectively preserve farmland. Agriculture pays more in taxes than it consumes in local public services, Thompson declared. He asked legislators to think carefully about what a “Williamson Act version 2.0” might look like because the tax relief is more important to ranchers than crop producers. The pattern of land enrollment around cities is “pretty spotty,” causing him to question whether tax incentives are sufficient to limit sprawl. Policy makers should look to other states --- New York, Wisconsin, Michigan --- that offer “circuit breaker” income tax relief to landowners. State income tax relief is fairly popular among local officials in those states because they don’t have to fight for annual subventions. Thomson called upon legislators to increase the state government’s investment in agricultural conservation easements, noting that other states spend more than California’s 11¢ a person. Conversely, local officials need to do better to “increase the

efficiency of development” because denser development patterns are the “most important” way to conserve farmland. But the biggest hole in California’s programs is the “lack of clear, firm state policy” that favors farmland preservation. That lack of policy direction “underlies our difficulty here” as California loses 75 square miles of agricultural land a year.

How does Wisconsin’s income tax circuit breaker program work, **Senator Wolk** asked Thompson. He explained that if local property taxes go up, the state income tax credits kick in, targeting tax relief to those who need it the most. Have other states adopted farmland preservation goals, asked **Assemblymember Yamada**. “California is a national leader in many areas, but not this one,” Thompson replied. But, he noted, federal officials haven’t always followed their own 1981 law on farmland preservation.

Michael Endicott is Sierra Club-California’s sustainability advocate, promoting social, economic, and ecological values. Endicott told the legislators that he shares Senator Wolk’s concerns about landowners who transfer their water rights away from Williamson Act contracted land. Especially in coastal areas the Williamson Act helps to reduce the pressures to convert agricultural land to other uses. Because the type of farming influences the ability to achieve sustainability goals, it’s important to maintain the subvention program even in tough times, he said. As legislators think about a “Williamson Act 2.0” they shouldn’t complicate the program because “focus and prioritization is in order.” Endicott said that he had “some concern” about the income tax approach advocated by AFT’s Ed Thompson because he didn’t want the Legislature to encourage “hobbyist farmers” while trying to protect real agriculture. As for other revenue sources to pay for the state subventions, Endicott suggested looking into oil severance taxes and property transfer taxes.

When **Assemblymember Caballero** asked Endicott to explain his concern about the income tax relief approach and what she called boutique farms, he replied that other states’ requirements may not fit California’s context. Besides, Endicott said, boutique farmers have different interests than what he called “general farming.”

Senator Price asked Endicott about his recommendation to prioritize the state’s goals. He replied that the “proof that the Williamson Act is a good act is that people renew [their] contracts.” Continuing contracts shows that the landowners’ commitment to property is worth protecting. When it comes to agricultural production, “the more stability the better,” Endicott said. Agricultural operations need “big pockets” of land, not just little protected islands.

Landowners' Reactions and Advice

For its final panel, the Committee invited representatives of landowners' groups that have used Williamson Act contracts:

Paul Wenger, President*
California Farm Bureau Federation

Jack Hanson, Treasurer*
California Cattlemen's Association

William H. Geyer, Executive Director*
Resource Landowners Coalition

Besides being the President of the California Farm Bureau Federation, **Paul Wenger** is a Williamson Act landowner in the San Joaquin Valley. While Proposition 13 helped landowners control their property taxes, those who bought agricultural land after 1978 still face problems. They can afford to pay their property tax bills, but they won't have much return on investment. The Williamson Act helps landowners reduce their tax bills even further, increasing their operating income. Buyers who acquire adjacent agricultural land under "1031 exchanges" drive up the price for the surrounding farmland. The result will be increased pressure for development if the Williamson Act ends, Wenger explained. He told the legislators about his concerns about selling agricultural land for water transfers and buying ranches for recreational use. Land should be taxed on its productivity, he declared. As much as 14.5 million acres have been under Williamson Act contracts for at least 35 years, demonstrating the landowners' commitment to conserving their property.

What about compatible uses on Williamson Act contracted land, asked **Senator Wolk**, specifically mentioning energy facilities that use solar and wind power. Wenger explained that his standard is whether a nonagricultural use takes away the land's agricultural productivity. We "need to look at what the Act is all about," he said. What about an agricultural processing plant, Senator Wolk asked. If it's an "adjunct" to the agricultural use, that would be OK, but "it's really degrees" of compatibility, Wenger explained. He wants to encourage family farms to stay in operation. What about water transfers, Senator Wolk asked. Should the Legislature prohibit the permanent transfer of water rights from Williamson Act contracted land? Wenger said that legislators should "look at it pretty closely ... if a permanent transfer harms agricultural productivity."

When **Assembly Member Yamada** asked Wenger about his “barometer” of understanding among urban legislators, he replied that the Act’s supporters need to explain the program in terms that legislators understand. “Everybody can understand taxation based on value,” he said. The goal is to “keep the family on the farm.”

Jack Hanson, the California Cattlemen’s Association’s Treasurer (and Sierra County Supervisor), told legislators that he found common ground with many of the previous speakers. “There are just a few givens,” he said: the Act has been enormously successful, the Act’s future is in doubt without subventions, the Act is a bargain, and if the Act disappears, some more development will occur. The program is “not a subsidy or free lunch” for landowners because everybody gives up something. Spending \$39 million to replace counties’ revenue losses “is a bargain,” he claimed. “It’s the money issue, I’m sorry to say,” observed Hanson. “The Williamson Act has definitely not outlived its usefulness,” he continued, and it would be “very difficult” to continue ranching without the program.

Senator Cox asked Hanson if state law should treat ranchland differently than cropland. Hanson explained that because of their different characteristics, ranching may be the best use of nonprime soils.

Bill Geyer, Executive Director of the Resource Landowners Coalition, was the consultant to the Assembly Agriculture Committee and worked with Assemblyman John Williamson on the original statute and the subsequent subvention program. Geyer warned legislators that “you can’t have an on-again-off-again” subvention program because the lack of certainty will discourage landowners and county officials. Although he would “love to be dissuaded” that subventions from the State General Fund aren’t in trouble, he believes that they are. Geyer noted that many of the questions on page 13 of the Committee’s briefing paper reflect the thinking that he put into his client’s white paper on the Williamson Act. His group has hired Vince Minto, the former Glenn County Assessor, to “crunch the numbers” and analyze alternative funding sources. In the meantime, Geyer suggested that the Legislature consider an interim relief program as a “bridge to the future.”

Can you “give us a hint” of some of these alternative revenue sources, asked **Senator Aanestad**. Geyer said four alternatives might generate as much as \$10 million each: (1) charging new fees on early termination of contracts, (2) using a “mixed bag” of ideas, including fees on compatible uses that displace agricultural production, (3) allowing counties to charge administrative fees, and (4) reducing subven-

tion payments for substandard contracts. Senator Aanestad then asked when Minto's work would be ready and Geyer indicated that the project was just getting underway with results still months away.

Senator Wolk mentioned her SB 715, which proposes Williamson Act reforms, and noted the need to build consensus for changes.

Referring to her own AB 1965, **Assembly Member Yamada** asked Geyer about the concept of proportional restoration of state subvention payments. He replied that the concept should be under discussion, but there are "obviously different voices among counties."

Others' Reactions and Advice

Following the three panels, Senator Cox invited public comments and two other speakers share their views with the legislators:

Eric Carruthers, Citizens Advisory Council
Santa Clara County Open Space Authority

Pablo Garza
The Nature Conservancy

Eric Carruthers is a retired Santa Clara County planner who serves on the Santa Clara County Open Space Authority's Citizens Advisory Committee. He told the legislators that the state government needs to find the means to keep the Williamson Act program intact. Echoing Ted James' advice, he agreed that the Act complements counties' land use regulatory programs. He wanted to "re-enforce" the Sierra Club's position on the need to protect farming on the edges of coastal development. He cited an American Farmland Trust study for San Francisco which found that specialty crops are important in metropolitan areas. Climate action change needs a local food supply, Carruthers concluded.

Speaking for the Nature Conservancy, **Pablo Garza** gave his strong support for the Williamson Act because of its "effective, economical, environmental benefits." The state government needs to finance the subventions, he said.

ADDITONAL ADVICE

In addition to the speakers at the oversight hearing, the Committee also received written advice from six other sources:

41 signatories*

California Rangeland Conservation Coalition

10 signatories*

Sacramento/Capital Region Food System Collaborative

Honorable Simón Salinas, Chair*

Monterey County Board of Supervisors

Mike McKeever, Executive Director*

Sacramento Area Council of Governments

Amy L. White, Executive Director*

Land Watch Monterey County

Honorable Dave Goicoechea, Chairman*

Sierra County Board of Supervisors

The members of the **California Rangeland Conservation Coalition** submitted a copy of their January 27, 2010 letter to Governor Schwarzenegger declaring their distress at the proposal to continue elimination of the Williamson Act subvention payments. The Coalition wrote that the “longer-term negative impacts vastly outweigh the [state’s] short-term budget savings.”

The Sacramento-based coalition known as the **Food System Collaborative** gave the Committee a copy of its February 9, 2010 letter to Governor Schwarzenegger, urging his Administration to restore the state’s Williamson Act subventions. They wrote that “the region and the State will need the Williamson Act more than ever in order to meet greenhouse gas emissions (GGE) reduction targets” called for by AB 32 and SB 375.

In his February 23, 2010 letter to the Committee, Salinas County Supervisor **Simón Salinas** declared that the Williamson Act subventions have “provided a

tangible incentive for local governments to stay in the program and initiate more contracts.” He called for the subventions’ “eventual restoration.”

Mike McKeever, Executive Director of the Sacramento Area Council of Governments, sent the Committee a copy of his March 1, 2010 letter to Governor Schwarzenegger encouraging him to restore the Williamson Act subventions. McKeever wrote that “to not fund them threatens AB 32 and SB 375 implementation.”

On March 2, 2010, Land Watch Monterey County Executive Director **Amy White** wrote to the Committee, enclosing a copy of a February 1 joint letter to Governor Schwarzenegger urging him to avoid suspending Williamson Act subventions in 2010-11.

Supervisor **Dave Goicoechea**, Chairman of the Sierra County Board of Supervisors provided his board’s March 2, 2010 formal resolution urging the Senate Local Government Committee “to reaffirm the significant value of these [subvention] programs to the preservation of agricultural land and open space in California.

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The Williamson Act: Past, Present, Future?

A Legislative Oversight Hearing

Wednesday, March 3, 2010
State Capitol, Room 112

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To promote the conservation, preservation and continued existence of open space lands, the Legislature may define open space land and shall provide that when this land is enforceably restricted, in a manner specified by the Legislature, to recreation, the enjoyment of scenic beauty, use or conservation of natural resources, or production of food or fiber, it shall be valued for property tax purposes only on a basis that is consistent with its restrictions and uses.

California Constitution Article XIII §8
Originally added by Proposition 3 (1966)

The Williamson Act: Past, Present, Future? **A Legislative Oversight Hearing**

This briefing paper prepares the members of the Senate Local Government Committee for their March 3, 2010 oversight hearing on the Williamson Act.

With 16.6 million acres under Williamson Act contracts, the statute affects about half of California's farmland. That's nearly one-third of all private real estate. These voluntary contracts between landowners and local officials stretch from urbanism's edges to the far reaches of the most rural counties. Fifty-three of the 58 counties have land under contract. Alpine, Del Norte, Inyo, San Francisco, and Yuba counties are the exceptions. Since 1972-73, the State General Fund has paid about \$875 million as direct subventions to the participating county governments.

Despite the law's broad application, the 2009-10 State Budget all but eliminated the State General Fund's direct subventions to counties for this 45-year old effort. Landowners, conservation groups, and county officials now question the state government's commitment to conserving farmland and open space.

The March 3 hearing is an opportunity for the five Senators who serve on the Senate Local Government Committee to review the California Land Conservation Act of 1965. When the future of the Williamson Act comes up in other policy committees, during debates over the State Budget, and in closed caucuses, other legislators can turn for advice to Senators Cox, Kehoe, Aanestad, Price, and Wiggins.

How It Works

What most call the Williamson Act is the result of three interlocking statutes:

The California Land Conservation Act of 1965 ("Williamson Act") allows landowners to contract with counties to conserve their properties as farmland and open space (Government Code §51200, et seq.).

Mandatory property tax reassessments for the lands that are enforceably restricted to open space uses (California Constitution Article XIII §8; Revenue & Taxation Code §421, et seq.).

Open space subventions paid by the State General Fund to counties for the Williamson Act contracted lands (Government Code §16140, et seq.).

Land in agricultural production and other open space uses are eligible for Williamson Act contracts. Landowners and counties can voluntarily sign ten-year contracts that automatically renew annually, so that a contract's termination date is always a decade away. The Farmland Security Zone program within the Williamson Act allows landowners to sign 20-year contracts, resulting in lower property tax assessments and more protection for their agricultural and open space lands.

It is relatively difficult to end a Williamson Act contract, but there are five main methods:

- *Nonrenewal*: contracts run out over the next nine years.
- *Cancellation*: contracts can end immediately if counties make findings and landowners pay penalties.
- *Rescission*: contracts end when other programs protect the land.
- *Public acquisition*: contracts end when agencies buy or condemn the land.
- *Annexation*: contracts may end when certain cities annex the lands.

While their lands are subject to Williamson Act contracts, landowners give up the right to develop their farms, ranches, and open space lands. In return, counties must reassess the contracted lands to reflect these enforceable restrictions. County assessors rely on clear constitutional authority and complicated statutory formulas to determine “use value” preferential tax assessments for the contracted lands.

The State General Fund pays direct subventions to counties (and a few cities) to replace the property tax revenues that the local governments forgo because of the preferential tax assessments. The subvention payments for prime agricultural land are higher than subventions for nonprime land. The State General Fund also pays indirect subventions to school districts to replace all of the property tax revenues that schools lose because of the lower property tax assessments on the Williamson Act contracted lands.

State Policies, State Programs

California's efforts to conserve agricultural and open space lands rely on constitutional and statutory foundations, but also need the willing cooperation of the affected landowners and county officials. Underlying the subventions and contracts is the language added to the California Constitution by Proposition 3 (1966). This briefing paper reprints the key language in the box on the Table of Contents page.

Government Code §51220: Williamson Act's Statement of Legislative Intent

51220. The Legislature finds:

(a) That the preservation of a maximum amount of the limited supply of agricultural land is necessary to the conservation of the state's economic resources, and is necessary not only to the maintenance of the agricultural economy of the state, but also for the assurance of adequate, healthful and nutritious food for future residents of this state and nation.

(b) That the agricultural work force is vital to sustaining agricultural productivity; that this work force has the lowest average income of any occupational group in this state; that there exists a need to house this work force of crisis proportions which requires including among agricultural uses the housing of agricultural laborers; and that such use of agricultural land is in the public interest and in conformity with the state's Farmworker Housing Assistance Plan.

(c) That the discouragement of premature and unnecessary conversion of agricultural land to urban uses is a matter of public interest and will be of benefit to urban dwellers themselves in that it will discourage discontinuous urban development patterns which unnecessarily increase the costs of community services to community residents.

(d) That in a rapidly urbanizing society agricultural lands have a definite public value as open space, and the preservation in agricultural production of such lands, the use of which may be limited under the provisions of this chapter, constitutes an important physical, social, esthetic and economic asset to existing or pending urban or metropolitan developments.

(e) That land within a scenic highway corridor or wildlife habitat area as defined in this chapter has a value to the state because of its scenic beauty and its location adjacent to or within view of a state scenic highway or because it is of great importance as habitat for wildlife and contributes to the preservation or enhancement thereof.

(f) For these reasons, this chapter is necessary for the promotion of the general welfare and the protection of the public interest in agricultural land.

Building on that constitutional foundation, the Williamson Act contains very clear legislative findings, as reprinted on page 3.

In addition to these constitutional and statutory provisions, a collaboration among landowners, county governments, and state officials implements the Williamson Act to achieve at least five very broad policy goals:

- Promoting food security by protecting the land base.
- Encouraging agricultural support industries.
- Complementing regulatory efforts to curb sprawl.
- Avoiding costly public facilities and public services.
- Promoting environmental quality and resource values.

Other state laws contain links to Williamson Act contracted land:

The *Planning and Zoning Law* requires county and city general plans to identify agricultural and open space lands in their land use, conservation, and open space elements. Further, 33 counties and 21 cities report adopting optional agricultural elements as part of their state-mandated general plans.

The *Subdivision Map Act* prohibits county supervisors and city councils from approving the subdivision of Williamson Act contracted lands if the resulting parcels would be too small to sustain their agricultural use, or if the subdivision would result in residential development that wasn't incidental to commercial agricultural production.

The *Cortese-Knox-Hertzberg Local Government Reorganization Act* generally prohibits a local agency formation commission (LAFCO) from placing Williamson Act contracted lands within the sphere of influence of a city or special district that provides sewers, nonagricultural water, or streets. State law also prohibits a LAFCO from annexing contracted land to those cities and districts.

The *Community Redevelopment Law* prohibits local officials from including Williamson Act contracted lands in redevelopment project areas.

Appendix G of the *CEQA Guidelines*, the formal state regulations that interpret the *California Environmental Quality Act (CEQA)*, require public officials who conduct an initial study for a proposed development to determine whether the project would conflict with a Williamson Act contract.

The Past: An Historical Sketch

After efforts to preserve open space and agricultural land suffered discouraging defeats, in 1963 the Assembly created an interim committee and an expert advisory group to develop an acceptable solution. The result was AB 2117 (Williamson, 1965) which enacted the California Land Conservation Act of 1965. In 1967, the Legislature added the title “Williamson Act” to honor the statute’s author, Assemblyman John C. Williamson who represented Kern County from 1959 to 1966.

Based on a chronology prepared by University of California researchers, **Table 1** on pages 6 and 7, traces the Williamson Act’s key historical milestones and shows other related actions in *italics*.

Statutory evolution. Like all statutory programs, the Williamson Act reflects the economic and political conditions that existed when the Legislature passed the statute. Similarly, statutory amendments and program adjustments over the last 45 years reflect continually changing conditions and concerns. When legislators created the Williamson Act in 1965, the *Planning and Zoning Law* already mandated counties and cities to adopt general plans, but the statute required only three elements: land use, circulation, and housing. Legislators didn’t add the requirements for the conservation and open space elements until 1970. That year, the Legislature also passed the *California Environmental Quality Act (CEQA)*. Bills passed in 1971 adopted the *vertical consistency requirement*, requiring local zoning and subdivision decisions to be consistent with county and city general plans. Also in 1971, legislators told the local agency formation commissions (LAFCOs) to adopt policy documents called *spheres of influence* to guide development away from open space lands. *Proposition 13* (1978) fundamentally changed how counties assess property tax values. The state government lacked a reliable way to track agricultural acreage until the 1982 bill that created the *Farmland Mapping and Monitoring Program* within the California Department of Conservation.

Other approaches. The Williamson Act is not the only statutory program that allows landowners to voluntarily conserve agricultural, open space, and other resource lands. The Open-Space Easement Act of 1974, the 1979 conservation easement law, and the 1995 California Farmland Conservancy Program Act all rely on voluntary easements to protect land resources. In addition, the California Timberland Productivity Act of 1982 uses landowners’ contracts to trigger the preferential property tax assessments, similar to the Williamson Act’s approach.

Table 1: Key Milestones in the Williamson Act's History

1965	<p>AB 2117 (Williamson) creates the California Land Conservation Act.</p> <p><i>Legislature requires the equalization of local property tax assessments, resulting in higher property tax bills on rural lands.</i></p>
1966	<p>Proposition 3 amends the California Constitution to allow for the preferential assessment of open space lands.</p>
1967	<p>Legislature adopts the capitalization of income method for assessing contracted lands.</p>
1967-70	<p>Bills expand the definition of the lands that are eligible for contracts.</p>
1969	<p>Legislature allows contract cancellations, but requires county officials to make findings and landowners to pay cancellation fees.</p>
1970	<p><i>Legislature passes the California Environmental Quality Act (CEQA).</i></p> <p><i>Legislature requires counties and cities to include conservation elements and open space elements in their general plans.</i></p>
1971	<p>Legislature creates the state subvention program.</p> <p><i>Legislature requires county and city zoning and subdivision decisions to be consistent with their general plans.</i></p>
1974	<p><i>Legislature authorizes open space easements.</i></p>
1976	<p>Legislature changes subventions to eliminate direct payments to schools and to emphasize urban prime lands.</p> <p><i>Legislature begins to equalize school funding after <u>Serrano</u> decision.</i></p> <p>Legislature creates Timber Preserve Zones, starting the transfer of timberland out of Williamson Act contracts.</p>
1978	<p><i>Proposition 13 amends the California Constitution to roll back the full cash value of property assessments and to limit reassessments.</i></p>

- 1979 Legislature caps contracted lands' assessments to their Proposition 13 assessments.
- Legislature authorizes conservation easements.*
- 1981 California Supreme Court limits contract cancellations to "extraordinary" situations. Legislature adopts tighter cancellation rules.
- 1982 Legislature allows counties to limit contracted lands' assessments to 70% of their Proposition 13 assessments.
- Legislature creates the Farmland Mapping and Monitoring Program.*
- 1984 Legislature limits the subdivision of contracted lands.
- 1987 Legislature codifies fair market value as the basis for computing landowners' cancellation fees.
- 1988 Department of Conservation starts its audit program.
- 1989 Department of Conservation publishes *Land in the Balance*.
- 1993 Legislature triples the state subventions for contracted land.
- 1994 Legislature creates specific standards for compatible uses.
- 1995 *Legislature authorizes agricultural conservation easements, now called the California Farmland Conservancy Program.*
- 1996 *Proposition 218 amends the California Constitution to limit local taxes, assessments, and fees.*
- 1998 Legislature creates Farmland Security Zones within the Williamson Act with longer contracts, lower assessments, and other protections.
- 2008 Legislature reduces the state subventions for contracted land by 10%.
- 2009 Governor cuts the state subventions for contracted lands to \$1,000.

Source: Based on *Land in the Balance* (1989)

Statewide review. *Land in the Balance* was the state government's most comprehensive look at the Williamson Act. The University of California's Agricultural Issues Center reviewed the law and its implementation, and the California Department of Conservation published the results in December 1989. Although more than two decades old, *Land in the Balance* remains a valuable resource for policy advisors and the decision makers they serve.

The UC researchers estimated a \$12 billion difference between the restricted and unrestricted assessed valuations on Williamson Act contracted land in 1988-89. The general funds of the (then) 48 participating counties received about \$44.5 million less in property tax revenues than they would have without the Williamson Act contracts. Special districts and other county funds received about \$16.4 million less; K-14 school districts about \$59.4 million less. The State General Fund replaced the schools' foregone revenues. In 1988-89, the \$14.5 million in direct state subventions covered about a third of the counties' foregone revenues, although there were county-by-county variations.

Since *Land in the Balance*, both the state-local fiscal relationship and the open space subvention program have changed in significant ways. The Educational Revenue Augmentation Fund (ERAF) shifts that began in 1992-93 moved property tax revenues from cities, counties, special districts, and redevelopment agencies to favor the schools and the State General Fund. The state government significantly increased its direct subvention payments to county governments, starting in 1992.

Because of these important changes, it's impossible to extrapolate from the 1989 findings in *Land in the Balance* to reach detailed conclusions about the Williamson Act's 2010 fiscal effects on counties and school districts.

The Present: Where We Are

In 2007, the last year for which the California Department of Conservation has published its data, 16,565,519 acres were under Williamson Act contracts.

Of those 16.6 million acres, 15.6 million acres were eligible for open space subvention payments from the State General Fund to county governments. Local officials claimed \$37,737,344 in direct General Fund subventions, of which nearly 60% went to San Joaquin Valley counties. **Table 2** on page 9 reports the 10 counties with the highest subventions.

Table 2: Top 10 Subvention Counties (2007)

1. Fresno	\$5,270,408	6. Stanislaus	\$1,466,943
2. Kern	\$4,733,094	7. Merced	\$1,429,352
3. Tulare	\$3,411,417	8. Yolo	\$1,283,038
4. Kings	\$2,681,127	9. Madera	\$1,246,397
5. San Joaquin	\$1,908,313	10. San Luis Obispo	\$1,088,726

Source: California Department of Conservation

Other facts from this 2007 statistical snapshot can help legislators appreciate how landowners and county officials use the Williamson Act:

- Contract nonrenewals covered 535,372 acres.
- Landowners and officials successfully cancelled contracts on 1,788 acres.
- Public agencies terminated contracts when they acquired 14,901 acres.
- Cities annexed 481 acres.

These data shifted over time as the Williamson Act gained acceptance among increasing numbers of landowners and counties. Economic pressures --- commodity prices, energy and labor costs, global competition, land speculation, development pressures --- influenced participation rates. The behavior of landowners and county officials also changed in response to changes in state law. For example, historical records show that in the first two years after the Legislature passed the Williamson Act, counties had signed contracts affecting only 200,000 acres. By 1970-71, about 6.2 million acres were under contract. Five years later (1975-76), with the advent of state subvention payments, 14.4 million acres were subject to Williamson Act contracts.

Subvention payments grew as landowners signed more contracts and the state government increased the subvention formulas. In 1972-73, the first year for the subvention program, the State General Fund paid about \$8.8 million to county governments and some cities. By 1990-91, the direct subventions were \$13.6 million, reflecting the additional acreage under contracts. When the Legislature changed the subvention formulas after the ERAF shifts, payments climbed. In 2005-06, the direct subventions were about \$38.7 million.

Skepticism. As the State General Fund faces a profound structural imbalance between expenditures and revenues, some have questioned the wisdom of the subvention program. When Governor Schwarzenegger's proposed 2003-04 Budget wanted to save about \$39 million by ending the state subvention payments, the Legislative Analyst's Office instead recommended a ten-year phase-out.

The LAO has been generally skeptical of the Williamson Act's benefits. In 2004, the LAO restated its two main concerns about the subventions' effectiveness:

The state exercises no control over the specific land parcels that are put under contract, and as such, cannot ensure that participating lands are in fact at risk in terms of development pressures. As a consequence, it is likely that some lands under contract would not be developed even absent the Williamson Act subventions. As a result, a portion of the tax reduction may result in no behavioral change by the landowner at all.

If such development pressures *should* occur, this results in creating incentives for the landowner to cancel or not renew the contract... As a consequence, the program may not result in permanent changes to land use patterns but simply delay for a relatively short period of time the development of open space and agricultural lands.

Budget cuts. The first cuts came in 2008-09 when legislators passed and Governor Schwarzenegger signed AB 1389 (Assembly Budget Committee, 2008), a State Budget "trailer bill" that ordered the State Controller to reduce the counties' open space subventions by 10%. When it passed the 2009-10 State Budget, the Legislature further reduced the state subventions to \$27.8 million. Exercising his constitutional authority, Governor Schwarzenegger all but eliminated the direct subventions to counties, slashing the annual appropriation to a mere \$1,000.

Reactions. Although agricultural groups and county officials knew about the earlier skepticism, many were shocked by the immediate severity of this year's cut. Landowners, conservation groups, and county officials openly questioned the state government's commitment to conserving farmland and open space.

Newspaper articles last fall reported that some counties stopped accepting and approving landowners' applications for new Williamson Act contracts. Other counties continued to sign new contracts, but expressed wariness about the subvention program's long-term future. A few counties began to explore nonrenewing their existing contracts, which would trigger higher property assessments. On February 23, the Imperial County Board of Supervisors voted to nonrenew its contracts.

At its March 3 oversight hearing, the Committee may wish to consider asking county officials how they are reacting to the subvention cuts:

- ☞ *Have county supervisors nonrenewed existing Williamson Act contracts?*
- ☞ *If so, which counties, how many contracts, and how many acres?*

- ☞ *Have more landowners than usual filed notices of nonrenewal?*
- ☞ *Have more landowners than usual applied for cancellations?*

- ☞ *Have county supervisors stopped signing new Williamson Act contracts?*
- ☞ *If so, in which counties?*

- ☞ *What are the 2009-10 fiscal effects on counties' budgets?*
- ☞ *How have counties responded to this year's loss of subventions?*

The Future: What Comes Next?

The March 3 oversight hearing gives Senators the chance to explore the future of the Williamson Act with county officials, conservation groups, and landowners' representatives. As they think about the future of the Williamson Act, legislators may wish to consider asking the speakers about these topics:

Statewide benefits. Over the last 45 years, landowners, conservation groups, and county officials have claimed at least five statewide benefits of conserving productive agricultural land and open space under the Williamson Act:

- Promoting food security by protecting the land base.
- Encouraging agricultural support industries.
- Complementing regulatory efforts to curb sprawl.
- Avoiding costly public facilities and public services.
- Promoting environmental quality and resource values.

- ☞ *Are these five statewide benefits still important and valuable?*
- ☞ *Should legislators recognize additional statewide benefits?*
- ☞ *Can the Williamson Act help achieve the goals set by AB 32 (2006)?*
- ☞ *Can the Williamson Act help achieve the goals set by SB 375 (2008)?*
- ☞ *Can the Williamson Act help achieve the goals for water conservation and protecting the Sacramento-San Joaquin Delta?*

Land base. The Williamson Act recognizes "prime agricultural land," based on its soil quality, water availability, livestock carrying capacity, and commercial productivity. The Act also defines open space use and compatible uses.

- ☞ *After 45 years, are these statutory definitions still valid?*
- ☞ *Should legislators refocus the Williamson Act on other land categories?*
- ☞ *Should the Act treat cropland, rangeland, and habitat land differently?*

- ☞ *Are the state and local definitions of compatible uses adequate to avoid interference with commercial agriculture and open space uses?*
- ☞ *Should legislators expect pressure from alternative energy producers (solar, wind, biogas) to broaden the compatible use definition?*

Tax relief. The Williamson Act relies on preferential property tax assessments to encourage landowners to voluntarily promote statewide policy goals. Preferential assessments reduce property tax revenues which, in turn, trigger direct and indirect subventions from the State General Fund. Property tax relief helps landowners stay in business, especially ranchers.

- ☞ *Should the Legislature explore other forms of tax relief that could achieve the same statewide policy goals?*
- ☞ *Would state income tax credits be adequate economic incentives for private landowners to preserve agricultural and open space lands?*
- ☞ *Would counties and school districts prefer to receive property tax revenues rather than state subvention payments?*
- ☞ *Should state income tax credits be proportional to landowners' income?*
- ☞ *Should legislators link a landowner's eligibility for state income tax credits to land, water, and energy conservation practices?*
- ☞ *Should legislators offer state income credits to landowners in every county or should legislators require counties to adopt programs to promote agriculture and open space before landowners are eligible?*

Contracts. The term for a standard Williamson Act contract is 10 years, automatically renewing annually. Farmland Security Zone contracts run for 20 years, offer better protection from development, and require higher cancellation fees.

- ☞ *Are there statutory obstacles that discourage landowners and counties from signing voluntary contracts?*
- ☞ *What is the state government's role in supervising and enforcing Williamson Act contracts between landowners and county governments?*
- ☞ *Should the Legislature close the Williamson Act to new contracts, encouraging landowners and counties to sign Farmland Security Zone contracts instead?*

Terminations. The California Supreme Court said that the constitutionality of preferential property tax assessments depends on enforceable restrictions on agricultural and open space uses. Nevertheless, there have been controversies over how contracts terminate: nonrenewals, cancellations, rescissions, public agency acquisitions, and city annexations.

- ☞ *Are the cancellation fees and findings adequate to discourage speculative investments and development pressures on contracted lands?*
- ☞ *Are there adequate safeguards to discourage public agency acquisition of Williamson Act contracted lands for non-agricultural use? Habitat use?*

County programs. If the Legislature is unlikely to restore subventions to replace lost property tax revenues, some counties may wish to consider running their own land conservation programs. Some have talked about a “Williamson Act 2.0.”

- ☞ *Should legislators pass an alternative law, without state subventions, that allows counties and landowners to agree on enforceable land use restrictions to obtain lower property assessments?*

Subventions. Until recently, the State General Fund invested nearly \$40 million a year in direct subventions to counties; more in indirect subventions to schools.

- ☞ *Is the state government likely to restore the counties’ direct subventions?*
- ☞ *Are there alternatives to State General Fund revenues to pay for the counties’ direct subventions?*
- ☞ *Should legislators earmark cancellation fee revenues as a partial source of funding for county subventions?*
- ☞ *Should legislators increase cancellation fees to recover the landowners’ historical property tax benefits?*
- ☞ *Should legislators impose termination fees on public agencies’ acquisitions? Should the termination fees be similar to the cancellation fees?*
- ☞ *Should legislators impose fees when cities annex land and terminate the contracts? Should these termination fees be similar to cancellation fees?*
- ☞ *Should legislators earmark material breach penalty fee revenues as a partial source of funding for county subventions?*
- ☞ *Should legislators charge annual fees on “compatible uses” that displace agricultural production or open space uses on contracted lands?*
- ☞ *Should legislators recapture some of the historical property tax benefits that occur when contracted land changes ownership?*
- ☞ *Should legislators impose a state surcharge on local building permit fees as a partial source of funding for county subventions?*
- ☞ *Should legislators impose a state mitigation fee on projects that convert agricultural and open space land to new development?*
- ☞ *Are there other revenue streams that legislators should explore to fund county subventions? Oil severance taxes? Tidelands leases? Credits for carbon sequestration? Commercial agricultural marketing orders?*

Sources & Credits

The following publications helped the Senate Local Government Committee’s staff prepare this briefing paper:

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The California Department of Conservation’s Division of Land Resource Protection maintains a useful website with important information about the Williamson Act, use value property assessments, and open space subventions:

www.conservation.ca.gov/dlrp/Pages/index.aspx



Elvia Diaz, the Committee Assistant, produced this briefing paper. Peter Detwiler, staff consultant, wrote the paper. The mistakes are his, but he gratefully acknowledges the advice he received from Dan Chia, Jim Collin, John Gamper, Bill Geyer, Brian Leahy, Steve Oliva, Marianne O’Malley, and Ed Thompson, among others.

March 26, 2010

CSAC Co-Hosts Williamson Act Summit in Fresno County This Week

Participants to develop aggressive advocacy campaign

By Paul McIntosh, Executive Director
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On March 24, county officials from across the state participated in a Williamson Act Summit in Fresno County that focused on county concerns about the permanent loss of this program and its potential negative impact on the state's economy, particularly agriculture. Fresno County, the lobbying firm of Shaw/Yoder/Antwih, Inc., and CSAC hosted the event.

Given the statewide support for the Williamson Act, county officials from the Central Valley felt it was imperative to bring all interested counties and representatives from agriculture together to share perspectives.

Supervisor Judy Case, chair of the Fresno County Board of Supervisors, opened the meeting. Participants were given a brief overview of the Williamson Act's evolution and an update on actions from both the Legislature and Administration regarding subvention funding.

After a lively dialogue, a consensus was reached that counties, in partnership with agriculture, the environmental community, and supporters, should engage in an aggressive lobbying campaign to pressure the Governor to restore the Williamson Act subventions in the May budget revision.

This direction from the summit participants and the strong support voiced by members of the CSAC Board of Directors at their March 25 meeting is clearly consistent with CSAC's longstanding policy to support full funding of the Williamson Act. Consequently, CSAC will move forward in a partnership with the various stakeholders in strong advocacy campaign.

Following is a brief recap of summit comments:

- Counties are frustrated with the on-again-off-again subvention program, and the fact that it has become a partisan political football in budget negotiations.
- More counties will start the non-renewal process if subvention funding is not restored.
- Loss of subventions means the loss of the program, which contributes to loss of jobs in agriculture and other sectors of the economy. Food security will be threatened.
- We should not minimize the relevance of the Williamson Act to large counties with less land in the program. That acreage is meaningful and valued by the larger populace.
- Does the Governor truly want his legacy to include the de facto repeal of the state's premier agriculture and open space conservation program?

- The agriculture industry cannot take any new tax increases, especially given recent regulatory actions that affect farming operations. Development or solar farms will be the only option.

Watch for future information from CSAC on the progress of the advocacy campaign efforts as they come together.

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County Williamson Act Survey Results Executive Summary March 1, 2010

Introduction

The California State Association of Counties (CSAC) was asked by the Senate Local Government Committee (Committee) to help obtain information on the Williamson Act for a special oversight hearing of the Committee. The hearing, *Williamson Act: The Past, Present & Future*, is scheduled to take place on March 3, 2010 from 9:30am - 11:00am in Sacramento.

Consequently, CSAC conducted a survey on county Williamson Act issues specifically related to the lack of subvention funding to counties. The survey was sent to all 58 counties on February 19, 2010. CSAC received 23 responses from the following counties: Mariposa, Imperial, Santa Barbara, Shasta, Kings, Lake, Placer, Sonoma, Butte, Contra Costa, Siskiyou, Yolo, Lassen, San Benito, Napa, Alameda, Tehama, San Mateo, Monterey, Sierra, San Joaquin, Fresno and Kern. The brief survey contained basic questions related to how counties are dealing with the cuts to Williamson Act subventions. The following is a summary of responses received.

How is your county responding to the state's failure to restore Williamson Act subvention funding?

The majority of respondents to the survey indicated that they have continued to fund the program in the 2009-2010 budget year despite the lack of subvention funding. However, the majority of respondents also indicated that they are investigating options for the non-renewal process and other longer term strategies to deal with a lack of subvention funding.

Nine counties, including Shasta, Kings, Lake, Sonoma, Yolo, Imperial, San Joaquin, Fresno and San Benito have indicated that they have stopped accepting any new Williamson Act applications. Furthermore, Imperial County Board of Supervisors voted recently to not accept any new contracts and to not renew existing contracts, making them the first to begin the non-renewal process as a direct result of the state budget cuts. Additionally, Lassen County is initiating an economic study to investigate the potential impact of terminating the entire program.

The consensus from respondents also suggested that counties continue to be in a "holding pattern" with respect to making any type of decisions on the future of the program. With the loss of subvention funding from just one budget year, the state has not clearly indicated if this is a short-term solution or if the program will not be funded for a significant period of time. One county clearly indicated that they will be considering cessation of the program if the State continues to not appropriate subvention funds.

Is your county exploring any options or alternatives to the Williamson Act Program, such as developing a local program?

The majority of respondents to the survey are not currently considering alternatives to the Williamson Act Program. Several counties remarked that they have explored alternative options, including a locally funded and administered program, but have found alternative options not attractive enough to divest from the Williamson Act Program despite the



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uncertainty surrounding subvention funding. As mentioned in the response to the previous question, counties remain in a holding pattern and are hesitant to dedicate scarce resources towards investigating alternative options until the future of the Williamson Act Program becomes clearer.

If your county is continuing to fund the Williamson Act program, have you had to make cuts to other programs? How are you dealing with the loss of subvention funds?

Counties have indicated a variety of different ways in which they are handling the lack of subvention funding. Several counties are making cuts to other programs and services as a result of the need to backfill the program.

Tehama County detailed the loss of over \$800,000 in subvention funding and how it directly affects their general fund revenues. As a result, Tehama County has made staff reductions and other program cuts to deal with the loss. San Benito County detailed how the loss of subvention funding combined with the deterioration of property tax revenues and slumping sales taxes has caused their County to eliminate positions, lay off employees and to tap into reserve funds. Kern County also described a loss of \$4.6 million in subvention funding and its ripple effect on the County's ability to provide other services. Siskiyou County described how the lack of subvention funding has had a direct impact to their general fund as their budget reserves have been depleted.

The majority of respondents are making cuts in their respective budgets to absorb the cut to subvention funding. In addition, all respondents emphasized the importance of the program to their respective communities and the dramatic impact that continued cuts to the program would have on counties, agriculture and the environment.