

Date of Hearing: April 17, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1044 (Gallagher) – As Amended April 5, 2023

**SUBJECT:** California Agriculture Relief Act

**SUMMARY:** Appropriates \$100,000,000 General Fund to the Office of the Small Business Advocate (CalOSBA) to provide grants under the California Small Agricultural Business Drought Relief Grant Program to qualified small agricultural businesses that have been affected by severe drought conditions.

**EXISTING LAW:**

- 1) Provides \$75,000,000 one-time California Emergency Relief Fund for the California Small Agricultural Business Drought Relief Grant Program for CalOSBA within the Governor's Office of Business and Economic Development (GO-Biz).

**FISCAL EFFECT:** Unknown

**COMMENTS:** Last year's Budget provided \$75 million in one-time funding for the California Emergency Relief Fund for the California Small Agricultural Business Drought Relief Grant Program for CalOSBA within GO-Biz.

The author has introduced this bill to provide additional resources because “the current challenges faced by California’s agricultural industry will require additional and more significant investment. High input costs combined with inflation and regulatory expenses have put the agricultural industry in a precarious situation. For example, walnut and almond prices have been significantly impacted by the COVID-19 supply chain crunch and drought conditions, driving prices to record lows and jeopardizing producers’ continued operation. The price of walnuts has plummeted well below the cost of production, with the price to growers for the 2022 walnut crop at about 40 cents per pound or less, well below last year’s break-even price of 70 to 90 cents per pound. The situation is so catastrophic that on January 13th, U.S. Agriculture Secretary Tom Vilsack designated a disaster declaration for Stanislaus, Alameda, Calaveras, Mariposa, Merced, San Joaquin, Santa Clara and Tuolumne counties for walnut losses due to the heat wave last September.”

According to the author, “The California Agriculture Relief Act is an approach to provide critical regulatory relief and financial support to struggling California farmers. [This bill] would allocate \$100 million to the California Small Agricultural Business Drought Relief Grant Program. This would provide crucial financial support to small agricultural businesses grappling with devastating effects of drought.”

In support the California Warehouse Association writes, “[This bill] is necessary to support California’s agricultural industry in the face of ongoing challenges. By providing regulatory certainty and financial support, this bill will help family farms and businesses continue to operate and ensure the agriculture industry’s continued viability.”

*Double referral:* This bill is double referred to the Assembly Natural Resources Committee and will be heard by that Committee as it relates to issues under its jurisdiction, should it pass out of this committee.

*Previous legislation:* AB 157 (Committee on Budget, State Government), Chapter 570, Statutes of 2022 establishes, until January 1, 2025, the California Small Agricultural Business Drought Relief Grant Program in CalOSBA, under the authority of its director. States the purpose of the program as providing grants to qualified small agricultural businesses that have been affected by severe drought. Prescribes various definitions for its purposes, including that of a qualified small business. Authorizes CalOSBA to contract with a fiscal agent, as defined, to carry out the program, and requires CalOSBA to allocate grants to qualified small agricultural businesses that meet the requirements, upon appropriation of grant funds by the Legislature. Prescribes the criteria for specific grant amounts, which would be based on the loss or decline in annual gross receipts or gross profits, which would be established by comparing the 2022 taxable year to the 2019 taxable year, as specified. Provides for the recapture of grants if grantees fail to meet required criteria. Requires that grant moneys be used only for costs to maintain the business through the drought, and specifies certain authorized costs in this regard.

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

California Rice Commission  
California Warehouse Association

##### **Opposition**

None on file

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