

PRELIMINARY STAFF MEASURE SUMMARY**Senate Committee On Finance and Revenue****Fiscal:** No Fiscal Impact**Revenue:** Revenue impact issued**Action Date:****Action:****Meeting Dates:****Prepared By:** Kyle Easton, Economist**WHAT THE MEASURE DOES:**

Allows city or county to designate urban agriculture incentive zones. Cities allowed to designate zones within city boundaries, counties allowed to designate zones within county boundaries that are also outside of city boundaries. City or county may enter into agreement with owner of unimproved land within a designated urban agriculture incentive zone if owner agrees to restrict use of unimproved land to small-scale agricultural production for five consecutive years. Defines agricultural production as employment of land for farm use and does not mean growing, harvesting or processing marijuana. During each year of five year agreement, unimproved land to be specially assessed in same manner as farmland provided gross income requirements are met. Specifies minimum and maximum cumulative land sizes per landowner at 5,000 square feet and five acres respectively. Allows county or city to enter in to subsequent five-year special assessment agreements with owners of unimproved land. Specifies oversight responsibility for lands annexed by cities. Allows special assessment to continue following transfer of title if certain requirements are met. Requires application for special assessment to be received by county assessor on or before April 1 preceding first property tax year for which special assessment is sought and requires assessor to accept or reject application. Requires Department of Revenue to prescribe application forms and provides rule making authority. Specifies criteria causing disqualification from special assessment and requires in cases of disqualification, payment of additional tax equal to difference in tax paid and tax that would have been paid absent special assessment. Property not considered disqualified from special assessment if property fulfills agricultural production requirements for entire five years of agreement. Applies to property tax years beginning on or after July 1, 2016. Prohibits city or county from designating urban agriculture incentive zone on or after January 1, 2019 and prohibits unimproved land from being specially assessed for tax years beginning on or after July 1, 2023.

ISSUES DISCUSSED:**EFFECT OF COMMITTEE AMENDMENT:**

-B5

Removes exclusion of growing, harvesting or processing marijuana from definition of "agricultural production". Prohibits unimproved land from qualifying for special assessment if unimproved land is used to grow, harvest or process marijuana.

BACKGROUND:

The measure would authorize a county or city to designate any urbanized area as an urban agriculture incentive zone and allow the city or county to enter into an agreement with the owner of unimproved land within the zone to have the land specially assessed as farmland. To qualify for special assessment, the land owner must agree to restrict use of the land to small-scale urban agricultural production for five consecutive years. Farmland special assessment values land based upon the land's ability to generate farm income rather than the highest and best use value of the land. Existing law requirements to qualify for farmland special assessment for land not in an exclusive

farm-use zone is that the land must be currently used and have been used for the two previous years exclusively for farm use and land must meet income requirements in three of the five previous years.

In community gardens both edible plants, such as vegetables, and nonedible plants, like flowers, are grown by and for members of the surrounding community. According to the American Community Gardening Association, there are about 18,000 community gardens in the United States and Canada. However, numerous barriers, such as lack of long-term leases or water access, along with liability concerns may hamper the creation, operation and long-term sustainability of community gardens. In 2013, the California Legislature enacted Assembly Bill 551, which created the Urban Agriculture Incentive Zones Act (Act) to authorize a local government and a landowner to enter into a contract to restrict the use of vacant, unimproved, or otherwise blighted lands for small-scale production of agricultural crops and animal husbandry and lower property tax assessment for qualifying areas.