

## **PROTECTING THE WILLIAMSON ACT SUBVENTION FUNDS**

In California, we have many beautiful and productive landscapes that deserve protection. We also have a variety of public policy tools to help conserve these working landscapes. These tools include the planning and zoning laws, other regulatory activities, and incentive-based programs. What is common to all of these methods is that they all require political will to implement and they all cost money. The California Land Conservation Act of 1965, popularly known as the Williamson Act, is our most cost effective incentive-based farm and ranch land conservation tool.

### **BACKGROUND**

Under the Williamson Act, an owner of agricultural land may enter into a contract with the county that restricts the use of the land to the production of commercial crops for an ongoing 10 or 20-year period. The term of the contract is automatically extended each year unless notice of cancellation or nonrenewal is given. Certain compatible uses are also allowed on the property. In return, the landowner's property tax is based on the land's income producing capability rather than its Proposition 13 value.

Enacted in 1971, the Williamson Act subvention program sets forth a state reimbursement formula for allocating payments to local governments based on acreage enrolled in the program. This financial support from the state has provided a tangible incentive for local governments to stay in the program and initiate more contracts by partially replacing property tax revenues lost on enrolled land.

### **KEY PROGRAM FACTS**

- Currently more than 16 million acres in 54 counties are enrolled in the Williamson Act in the state, including more than half of the state's very best prime farmland.
- In the most recent poll of landowners who participate in the Williamson Act program, one-in-three landowners would be unable to continue to farming or ranching without the benefits of the program. The same survey found that 87 percent of the surveyed Californians who are most knowledgeable about the Williamson Act, particularly county officials involved in its administration or otherwise close to the program, agreed that the benefits of the program outweigh the costs.
- The Williamson Act subvention program constitutes the state's only significant contribution to farmland protection. The subventions help replace the foregone property tax revenue due to county participation, without which counties would not participate.
- Eliminating the Williamson Act subvention payments will force most counties to non-renew their landowners' contracts because the subventions provide county governments with discretionary dollars needed to fund important public health and safety services. If the subventions are not funded in the State Budget, there is no doubt that financially stressed rural counties, counties with the most farmland in need of protection, will be forced to terminate their participation in the Act.

### **PROTECT OUR AGRICULTURAL RESOURCES**

Governor Schwarzenegger's suspension of the subvention funding comes at a time when California is facing tremendous pressure from population growth. The loss of the Williamson Act would further jeopardize the economic viability of thousands of farming and ranching enterprises and result in the loss of tens of thousands of acres of prime farmland.

Please continue to support the conservation of our state's agricultural resources by funding the Williamson Act subvention funds.

**RELATIONSHIP BETWEEN THE WILLIAMSON ACT  
AND THE  
HOMEOWNERS PROPERTY TAX RELIEF SUBVENTION**

9100 Tax Relief

The California Constitution (Art. XIII, § 3) provides a “Homeowners’ Exemption” of \$7000 of the full cash value when a dwelling is owner occupied as his/her principal residence. Section 25 of Article XIII requires the Legislature to provide, in the same fiscal year, reimbursements to each local government for revenue lost because of the homeowners’ exemption. This constitutionally mandated subvention is shown below in governor’s proposed 2007-08 budget. (See Code 50)

Code	Program	Proposed 2007-08 (\$ in thousands)	
		Positions	Dollars
10	Senior Citizens' Property Tax Assistance	-	\$39,134
20	Senior Citizens' Property Tax Deferral Program	-	17,000
30	Senior Citizen Renters' Tax Assistance	-	146,630
<b>50</b>	<b>Homeowners' Property Tax Relief</b>	-	<b>446,965</b>
60	Subventions for Open Space	-	39,124
Totals, Positions and Expenditures (excluding Infrastructure)		-	\$688,853
	Infrastructure Expenditures	-	-
Totals, Positions and All Expenditures		-	\$688,853

Thus, the state is constitutionally mandated to reimburse cities and counties for revenues lost due to the homeowners' exemption at a rate of \$70 per home (\$7000 x .01).

The Williamson Act currently protects 16,500,000 acres of agricultural and open space land from residential subdivisions. If just ten percent of this enforceably restricted land were converted to homes at five units to the acre, the state would be required to pay an additional \$577M in the Homeowner’s Property Tax Relief subvention. (16,000,000 x .10 x 5 x \$70 = \$577,000,000) This would more than double the entire Homeowner's Property Tax Relief subvention and put it over \$1 billion. So by eliminating the \$34.7M in Williamson Act subventions (\$39.1M x .10), the state would actually lose hundreds of millions of dollars. Furthermore, this doesn’t even consider the potential significant negative impact on the \$36B in farm gate value and its contribution to the gross state product or the impact on the state’s food supply and its cost to our citizens.

The Legislature and the Administration must seriously consider all of the ramifications that would result from the elimination of the Williamson Act subvention funding.