

The Williamson Act Status Report 2016-17



Gavin Newsom, Governor
Wade Crowfoot, Secretary, Natural Resources Agency
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California
**Department of
Conservation**



Our Mission

The Department of Conservation balances today's needs with tomorrow's challenges and fosters intelligent, sustainable, and efficient use of California's energy, land, and mineral resources. The Department administers multiple programs to promote the conservation of working lands and orderly growth and development.

The Williamson Act

The Williamson Act, also known as the California Land Conservation Act of 1965, has helped preserve agricultural and open space lands since 1965. Local governments and landowners enter into voluntary contracts to restrict enrolled lands to agricultural and open space uses, typically for 10-year rolling terms, in exchange for property tax reductions. The Act supports California's conservation, food security, and orderly growth goals while helping farmers and ranchers to stay in production.

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Cover Graphics

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Dear Members of the Legislature and Land Conservation Partners:

I am pleased to present the Department's 2016-17 Status Report about the Williamson Act – California's premier agricultural land protection tool since 1965. The Act seeks to discourage the premature and unnecessary conversion of agricultural and open-space lands to urban uses through property tax incentives and voluntary restrictive-use contracts. Ninety percent of California's counties have lands enrolled in the Act.

Over the past few years, the Department has met with stakeholders from local governments, the agricultural industry, and environmental groups to understand their challenges with the program and to develop consensus-based solutions to support the Williamson Act's continued, long-term value as the State's largest agricultural conservation program. We learned that while cities and counties continue to support the Act, the State's decision to discontinue subvention payments presents a critical challenge to local administration of the program. Representatives from the agricultural industry also raised this issue, voicing concerns that if cities and counties choose to exit the program or even stop accepting new contracts, many farmers and ranchers may go out of business and be forced to sell their lands out of agricultural production.

In response, we are evaluating ways to streamline and support local administration of the program. We are collaborating with county assessors and planners to develop consistent data standards and develop a web-based reporting system to ease mandated reporting requirements. We are also investigating potential funding sources to develop a targeted grant program for cities, counties, and assessors. A grant program would help improve their processes and procedures, identify best practices for program administration, and would facilitate local enforcement of the Act.

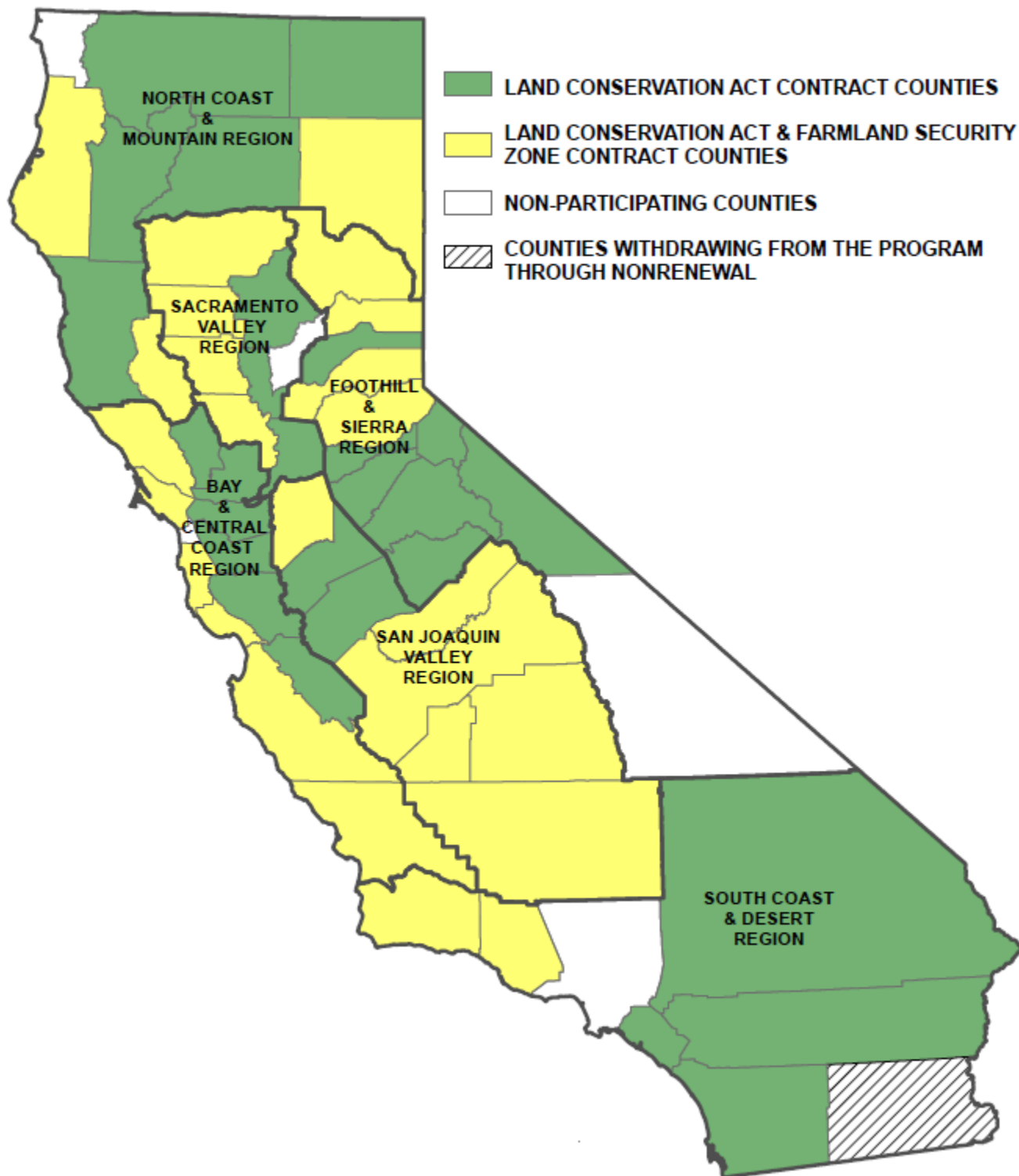
On behalf of the Department of Conservation, I sincerely thank the local governments that work with us to support the program and to provide the data that underlie the production of this report.

Sincerely,

David Bunn
Director

California Department of Conservation

The Williamson Act: 2016-17 Status Report



Use of Terms

This report uses the terms standard contract and super contract to refer to the two types of contracts created under the Act. The standard contract refers to a typical 10-year contract. The super contract refers to a 20-year contract. The use of the term contract is intentionally non-specific and can encompass standard contracts and super contracts.

Program Overview

The Williamson Act (Act or program) has been the state's primary agricultural land protection program since its enactment in 1965. Following World War II, California experienced tremendous population and economic growth. This growth, in tandem with the state's property tax system, led to increased pressures to convert agricultural land to urban use. Rapidly escalating property taxes often presented a prohibitive burden for farmers who wanted to maintain their agricultural operations. In response, the California Legislature passed the California Land Conservation (Williamson) Act in 1965 to preserve agricultural and open-space lands by discouraging "premature and unnecessary conversion to urban uses."¹ More than 16 million of the State's 31.4 million acres of farm and ranch land have participated in the program. Of California's 58 counties, 52 have executed contracts with landowners.²

The Act authorizes cities and counties to enter into contracts with private landowners to restrict specific parcels of land to agricultural and open-space uses.³ In return, landowners receive reduced property tax assessments based upon the land's farming and open-space uses, as opposed to its full market value. Landowners can place prime agricultural land and non-prime agricultural land under contract, typically for 10-year terms that are automatically renewed on an annual basis. Cities and counties can also offer 20-year contracts, known as Farmland Security Zone or Super Williamson Act contracts, for prime farmland, farmland of statewide significance, unique farmland, and farmland of local importance, as defined by the Department of Conservation's (DOC's) Farmland Mapping and Monitoring Program. In exchange for the longer commitment, landowners receive greater property tax reductions. Technically, cities and counties can offer contracts for other lengths of time, including 9 and 18-year contracts.⁴

Working in conjunction with the Williamson Act, the Open-Space Subvention Act provides for the partial reimbursement of property tax revenue lost as a result of participation in the program to local governments.⁵ Cities and counties are eligible to receive \$5 per acre of prime agricultural land enrolled in the program and \$1 per acre of non-prime land. Farmland Security Zone lands generate \$8 per acre. The Legislature suspended subvention payments in FY 2010-11 and has not reinstated them.

Purpose of the Report

Government Code section 51207 requires DOC to submit a biennial report to the Legislature about local implementation of the Act based on the notifications DOC received. DOC is mandated to report, among other data, total enrolled acres and the number of acres removed from contract through cancellation, public acquisition/ eminent domain, annexation, or nonrenewal.

The Act does not require cities and counties to report new contracts. Instead, Government Code section 16144 requires cities and counties that participate in the Act to report total enrollment numbers to the Secretary of Natural Resources to qualify for the Open-Space Subvention Act.⁶ Prior to the elimination of subvention payments in FY 2010-11, DOC would review and verify these claims for the Controller, who would then pay participating cities and counties an established subvention per acre enrolled in the program to offset the city or county's foregone property tax revenues. Although the state no longer offers subvention payments, some cities and counties still report enrollment acres.

This status report summarizes enrollment and contract termination trends for the 2016-17 reporting period, which runs from January 1, 2016 – December 31, 2017. The report relies on those local subvention reports and mandated notices sent by

¹ Government Code Section 51220 (c).

² Alpine County has adopted the program but has yet to execute a contract. Los Angeles County's open space enforceable restrictions on Catalina Island are eligible for subventions (when available), however, there are no executed Land Conservation Act contracts reported.

³ California Government Code sections 51200-51297.4.

⁴ California Government Code section 51244(b)

⁵ California Government Code sections 16140-16154.

⁶ California Code of Regulations, Title 14, Division 6, Articles 1 and 2 (the Department works with the Secretary to validate subvention payment requests).

cities and counties to solicit comment from DOC about cancellations, public acquisitions/eminent domain, annexations, and nonrenewals.

Fiscal Challenges Impact Reporting, but Local Participation Remains High

In addition to the 52 counties that administer local Williamson Act programs, some cities also administer a local program; however, DOC lacks reliable data about participation rates. For the 2016-17 reporting period, only 36 counties and one city submitted subvention enrollment information to DOC. This low reporting rate - 69 percent of participating counties - likely relates to the elimination of subventions. Some local governments question the value of reporting subvention claims when the state has given no indication that it intends to resume subvention payments. There is no penalty for not reporting. Furthermore, it imposes a significant financial burden to local government to compile the necessary information and prepare the report. Thus, there is no apparent benefit to preparing and submitting the report, while there are multiple costs.

Despite this, local governments continue to acknowledge the value of the program and the potential benefits of having reliable statewide data about enrollment trends. There is value in reporting data and having the data readily available. In response to this and other challenges raised by stakeholders, DOC initiated a collaborative stakeholder process with local governments, the agricultural industry, and environmental groups to identify challenges with the program and develop consensus-based solutions.

Enrolled Acres

The Act requires DOC to report the number of acres of land under contract in each category. Tables A-1 and A-2, located at the end of this report, present reported enrollment acres across California during the reporting period for standard contracts and super contracts. The reported acres are further broken down based on the land category – including prime agricultural land and non-prime agricultural land. The enrollment data presented in Tables A-1 and A-2 comes from local subvention reports. As stated earlier, not all participating cities and counties submit subvention reports. Furthermore, for those that do, the level of specificity in the submitted data varies from report to report. As such, the information listed in Tables A-1 and A-2 underrepresents total enrollment.

Contract Terminations and Other Trends

The Act requires cities and counties to notify DOC when acres are removed from contract through cancellation, public acquisition/eminent domain (15,377 acres), annexation (181 acres), or nonrenewal.⁷ Table A-3 provides this information. The Act also requires DOC to report, for at least one-third of all participating cities and counties, the following:

- The number of approved⁸ cancellation requests and pending⁹ cancellation requests.
- The amount of cancellation fees that remain unpaid or uncollected.¹⁰
- The number of acres covered by cancellation certificates.¹¹
- The number of nonrenewal notices, withdrawal of nonrenewal notices, and expiration notices.¹²
- The number of acres covered by active nonrenewal notices and expiration notices.¹³

⁷ Government Code § 512083 (cancellation), §51295 (eminent domain), § 51243.5 (annexation), and § 51245 (nonrenewal).

⁸ Approved cancellation requests are interpreted to mean that a Final Certificate of Cancellation was recorded within the reporting year.

⁹ Pending cancellation requests are interpreted to mean that a Tentative Certificate of Cancellation was recorded within the reporting year and is still awaiting a Final Certificate of Cancellation to be recorded.

¹⁰ The amount remaining unpaid or uncollected is interpreted to mean those fees where a Tentative Certificate of Cancellation was provided to the department in the given reporting year, but no fee has been paid and no Final Certificate of Cancellation was recorded.

¹¹ Includes only the number of acres for the reporting year where a Final Certificate of Cancellation was recorded by the county and reported to the department.

¹² Not all participating jurisdictions submit notices to the Department of Conservation.

¹³ The number of acres covered by active nonrenewal notices was obtained through the submission of Open Space Subvention Data submitted by participating jurisdictions. Expiration of contract refers to a contract that has completed the nonrenewal process and, as such, expired. Expiration acreage was obtained through the submission of Open Space Subvention Data submitted by participating jurisdictions.

Table A-3

Year	Final Cancellations Recorded *	Tentative Cancellations Remaining *	Unpaid or Uncollected Cancellation Fees	Acres Covered by Cancellation Certificates #	Nonrenewal Notices *	Acres Under Nonrenewal ~	Nonrenewal Withdrawal Notices *	Acres Expired Through Nonrenewal Expiration *	Acres Expired through Public Acquisition/ Eminent Domain *	Annexation ~	Expiration Notices *
2016	14	5	\$1,703,625	1,327	70	17,882	3	39	1,442	181	2
2017	8	2	\$25,625	28	56	1,436	0	566	13,935	0	8
Totals	22	7	\$1,729,250	1,355	126	19,318	3	605	15,377	181	10

* Notices received by the Department

Acreage for notices received by Department

~ Acreage reported by county/city on Open-Space Subvention reports

Issue with Cancellation Fees for Cities

Cancellations and nonrenewals are the most common methods of contract termination. A cancellation requires a public hearing, findings by the board of supervisors or city council, and payment of a fee equal to 12.5 percent of the property's fair market value for standard contracts, and 25 percent for super contracts. Once the cancellation is complete, the contract is removed from the property. The nonrenewal process does not require a fee, findings, or a public hearing, but it does not immediately terminate the contract. The landowner must maintain the restrictions until the contract term expires.

The Controller notifies DOC upon receipt of payment of a cancellation fee. In 2018, two cities notified DOC of difficulty transmitting payment. The statute requires that the payment be sent to the County Treasurer, who then forwards the payment to the Controller.¹⁴ In some instances, the County Treasurer will not accept the transmission of the fee from the city. The cities attempted to transmit the fees directly to the Controller, but encountered difficulties. DOC is investigating this matter further and will recommend a legislative fix at a later date, if warranted.

Local Implementation Challenges: Agritourism and Cannabis

During the reporting period, DOC received multiple inquiries from residents, cities, counties, and other advocacy groups about the consistency of the Act with various agritourism projects and cannabis operations. DOC finds that these types of questions are best addressed at the local level. DOC is monitoring these developments but finds that it is premature for state-level intervention.

Anticipated Department Activities

DOC initiated a stakeholder process in 2016 to better understand local challenges with the program and to develop consensus-based solutions to those challenges. A critical issue for cities, counties, and assessors includes collecting, compiling, and preparing data for the annual subvention report, and they have repeatedly proven their interest in partnering with DOC to develop solutions. DOC also discovered that some local governments struggle to maintain reliable, consistent records for contracted lands that encompass the program's 50-year history. Furthermore, a county planning office's records for a contracted property may differ from the assessor's records for the same property.

In response, DOC is evaluating ways to streamline reporting and improve record management. DOC is collaborating with assessors and planners to develop consistent data standards, create a user-friendly web-based reporting system, and potentially recommend a grant program to support local governments to develop and implement best practices to maintain program information in a manner that facilitates local enforcement.

¹⁴ Government Code § 51283(e) - County Treasurer submits cancellation fee to State Controller's Office.

2016/2017 Reporting Jurisdictions by Region

Sacramento Valley	2016	2017	North Coast Mountain	2016	2017
Tehama	Yes	Yes	Lassen	No	No
Glenn	Yes	Yes	Siskiyou	Yes	Yes
Butte	Yes	Yes	Modoc	No	No
Colusa	Yes	Yes	Humboldt	Yes	Yes
Sutter	Yes	Yes	Mendocino	No	No
Sacramento	Yes	Yes	Lake	No	No
Yolo	No	No	Trinity	No	No
			Shasta	Yes	Yes
San Joaquin Valley	2016	2017	Bay Area and Central Coast	2016	2017
San Joaquin	Yes	Yes	Sonoma	Yes	Yes
Stanislaus	Yes	Yes	Napa	Yes	Yes
Merced	Yes	Yes	Marin	No	No
Madera	Yes	Yes	Solano	Yes	Yes
Fresno	No	No	San Mateo	No	No
Kings	Yes	Yes	Santa Clara	Yes	Yes
Kern	Yes	Yes	Santa Cruz	Yes	Yes
Tulare	Yes	Yes	Contra Costa	No	No
 			San Benito	Yes	Yes
Foothills and Sierra	2016	2017	Monterey	Yes	Yes
Plumas	Yes	No	San Luis Obispo	Yes	Yes
Sierra	Yes	Yes	Alameda	Yes	Yes
Nevada	Yes	Yes	City of Palo Alto	Yes	Yes
Placer	Yes	Yes			
El Dorado	Yes	Yes			
Amador	Yes	No			
Calaveras	Yes	Yes			
Tuolumne	Yes	Yes			
Alpine	Yes	Yes			
Mariposa	Yes	Yes			
Mono	No	Yes			
South Coast and Desert	2016	2017			
Santa Barbara	Yes	Yes			
Ventura	Yes	Yes			
Los Angeles	Yes	Yes			
Orange	No	No			
San Diego	No	No			
San Bernardino	Yes	Yes			
Riverside	Yes	Yes			
Imperial	No	No			

Table A-1: 2016 Total Reported Enrollment in Acres

Region	Standard Prime	Standard Nonprime	Super Urban Prime	Super Urban Nonprime	Super Nonurban Prime	Super Nonurban Nonprime	Total
North Coast and Mountain Region	126,569	678,349	-	-	518	193	805,628
Sacramento Valley Region	434,621	1,372,663	32,595	4,179	115,128	9,059	1,968,244
Foothill and Sierra Region	34,562	698,687	51	1,750	1,165	9,240	745,456
Bay and Central Coast Region	393,062	2,801,365	40,452	4,486	13,606	5,024	3,257,995
San Joaquin Valley Region	2,410,969	2,468,505	81,993	682	471,324	20,132	5,453,604
South Coast and Desert Region	172,762	515,060	2,844	715	561	238	692,180
Grand Totals	3,572,545	8,534,628	157,935	11,811	602,302	43,887	12,923,108

Data was obtained from Open-Space Subvention Surveys submitted by participating jurisdictions. Totals include both continuing and nonrenewal contracts.

Table A-2: 2017 Total Reported Enrollment in Acres

Region	Standard Prime	Standard Nonprime	Super Urban Prime	Super Urban Nonprime	Super Nonurban Prime	Super Nonurban Nonprime	Total
North Coast and Mountain Region	126,790	677,668	-	-	518	193	805,168
Sacramento Valley Region	435,612	1,373,109	32,917	4,193	115,128	9,059	1,970,017
Foothill and Sierra Region	34,838	545,730	-	1,750	5	5,801	588,124
Bay and Central Coast Region	396,053	2,817,500	41,598	4,488	14,121	5,024	3,278,783
San Joaquin Valley Region	2,398,795	2,445,901	82,008	682	471,716	19,814	5,418,915
South Coast and Desert Region	172,921	514,572	3,177	709	561	238	692,179
Grand Totals	3,556,017	8,341,950	159,699	11,822	602,048	40,128	12,711,665

Data was obtained from Open-Space Subvention Surveys submitted by participating jurisdictions.

Totals include both continuing and nonrenewal contracts.