

AMENDED IN SENATE AUGUST 8, 2000

AMENDED IN ASSEMBLY APRIL 4, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2705

**Introduced by Committee on Agriculture (Cardoza (Chair),
Maldonado (Vice Chair), Briggs, Florez, House, Reyes,
Thomson, and Wiggins)**

February 25, 2000

An act to add Chapter 7.5 (commencing with Section 25650) to Division 15 of, *and to repeal Section 25615 of*, the Public Resources Code, relating to energy assistance *and technology*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2705, as amended, Committee on Agriculture. Agricultural industry energy program.

Under existing law, there is a loan program to assist low-income fishing fleet operators reduce their energy costs and conserve fuel by providing low-interest loans to those operators. Prior acts have also appropriated federal oil overcharge funds in the Petroleum Violation Escrow Account to the State Energy Resources Conservation and Development Commission for a farm energy assistance program.

This bill would require funds from loan repayments and interest on loans made by the commission pursuant to an agriculture energy assistance program to be deposited in the

Energy Technologies Research, Development, and Demonstration Account, and upon appropriation, to be available for loans and technical assistance. The bill would provide that the loans have a repayment period of not more than 7 years, and bear interest at a rate not less than 2% below the rate earned by moneys in the Pooled Money Investment Account.

Existing law establishes a state program managed by the Department of Food and Agriculture and the commission to assist in the development of solar technology in agriculture.

This bill would repeal that provision.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 7.5 (commencing with Section
2 25650) is added to Division 15 of the Public Resources
3 Code, to read:

4

5 CHAPTER 7.5. AGRICULTURAL INDUSTRY ENERGY
6 PROGRAM

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8 25650. (a) All funds from loan repayments and
9 interest that become due and payable for loans made by
10 the commission pursuant to an agriculture energy
11 assistance program shall be deposited in the Energy
12 Technologies Research, Development, and
13 Demonstration Account, and shall be available for loans
14 and technical assistance pursuant to this section, upon
15 appropriation in the Budget Act. Up to 20 percent of the
16 annual appropriation shall be available for technical
17 assistance.

18 (b) Loans made pursuant to this section shall be for the
19 purchase of equipment and services for agriculture
20 energy efficiency and development demonstration
21 projects, including, but not limited to, production of
22 methane or ethanol, use of wind, photovoltaics, and other
23 sources of energy for irrigation pumping, application of
24 load management conservation techniques,



1 improvements in water pumping and pressurization
2 techniques, and conservation tillage techniques.

3 (c) The loans shall contain terms providing for a
4 repayment period of not more than seven years and for
5 interest at a rate that is not less than 2 percent below the
6 rate earned by moneys in the Pooled Money Investment
7 Account.

8 *SEC. 2. Section 25615 of the Public Resources Code is*
9 *repealed.*

10 ~~25615. (a) The Legislature hereby finds and declares~~
11 ~~that, during the last 50 years, inexpensive fossil fuels and~~
12 ~~electricity have created significant technological changes~~
13 ~~in the production of agricultural products. Fossil fuels~~
14 ~~have been substituted for labor, animal power, wind~~
15 ~~energy and solar energy technology in food and feed~~
16 ~~production and in the processing of California's~~
17 ~~agricultural commodities. Although the availability of~~
18 ~~inexpensive energy has fostered an intensive system of~~
19 ~~agriculture with higher crop yields and excellent~~
20 ~~productivity, our reliance on cheap energy has made the~~
21 ~~producers of agricultural products vulnerable to supply~~
22 ~~interruptions and skyrocketing price escalations.~~

23 ~~(b) The Legislature further finds that the agricultural~~
24 ~~industry and consumers are faced with a challenge to~~
25 ~~maintain and even enhance the productivity of California~~
26 ~~agriculture through the development of renewable~~
27 ~~energy resources.~~

28 ~~(c) The Legislature further finds that enhanced~~
29 ~~energy efficiency and conservation and development of~~
30 ~~renewable resource energy technologies are needed to~~
31 ~~replace and conserve fossil fuels and electricity in the~~
32 ~~production and processing of agricultural products. To~~
33 ~~develop such potential, a state program for assisting the~~
34 ~~development of solar technology in agriculture is~~
35 ~~necessary.~~

36 ~~(d) The program, managed by the Department of~~
37 ~~Food and Agriculture in cooperation with the~~
38 ~~commission, shall include, but not be limited to, the~~
39 ~~following:~~

~~(1) An assessment of potential solar energy projects in California agriculture.~~

~~(2) Cooperation with the University of California in its ongoing extension program to provide information to ranchers, farmers and food processors on the benefits of renewable resource technologies to agricultural processes and on the availability of financial incentives such as loans and tax credits. The department may contract with the university or other educational institutions or agricultural organizations for such information outreach services.~~

~~(3) Establishment of an energy conservation, renewable resource, and solar energy technologies assistance program in agriculture utilizing the resources and joint efforts of persons engaged in agriculture, food processors, cooperatives, and manufacturers and installers of solar and other energy conservation and renewable resource energy technologies, the university and colleges, and the government to demonstrate the effectiveness and economic viability of energy conservation and renewable resource energy technologies in agriculture. The assistance program shall include state financial incentives to encourage the rapid and widespread deployment of diverse energy conservation and renewable resource energy technologies in agriculture and food processing. State financial incentives may include, but shall not be limited to, state loans, loan guarantees, and leases and participating agreements for individuals, businesses, and public agencies for the purpose of stimulating the development and use of energy conservation and renewable resource energy technologies in agriculture. Energy conservation, solar applications, and renewable resource energy technologies eligible to receive state financial assistance shall include, but not be limited to, the following:~~

~~(A) Solar energy for space and water heating and cooling and for process heat.~~

~~(B) Wind energy for pumping and electrical generation of less than 100 kilowatts installed capacity.~~

1 ~~(C) Geothermal energy for direct heating and cooling~~
2 ~~applications.~~

3 ~~(D) Installation of hydroelectric generators of less~~
4 ~~than 100 kilowatts installed capacity on existing water~~
5 ~~storage and conveyance facilities such as dams, pipelines,~~
6 ~~and canals associated with agricultural water use.~~

7 ~~(E) Energy conservation technologies and associated~~
8 ~~equipment which have promising application and life~~
9 ~~cycle cost effectiveness in the agricultural sector. Such~~
10 ~~technologies shall include, but not be limited to:~~

11 ~~(i) Technologies that reduce heating, cooling, and~~
12 ~~refrigeration energy use.~~

13 ~~(ii) Technologies that conserve water if their~~
14 ~~application will reduce energy use in water pumping.~~

15 ~~(iii) Installation of more efficient electric motors for~~
16 ~~pumping, refrigeration, and other agricultural uses.~~

17 ~~(e) The Department of Food and Agriculture, in~~
18 ~~cooperation with the commission and the University of~~
19 ~~California, shall assist applicants in attempting to obtain~~
20 ~~all possible supplementary and complimentary assistance~~
21 ~~from other publicly or privately funded sources prior to~~
22 ~~authorizing any state assistance.~~

23 ~~(f) The Department of Food and Agriculture shall~~
24 ~~establish a technical review committee for the purpose of~~
25 ~~evaluating applications for financial assistance under this~~
26 ~~chapter. The department shall make awards of state~~
27 ~~financial assistance according to the decisions of the~~
28 ~~technical review committee. The members of the~~
29 ~~technical review committee shall consist of the following:~~

30 ~~(1) One representative of the Department of Food~~
31 ~~and Agriculture appointed by the Director of Food and~~
32 ~~Agriculture.~~

33 ~~(2) One representative of the commission appointed~~
34 ~~by the chairman of the commission.~~

35 ~~(3) One representative of an agricultural organization~~
36 ~~appointed by the Director of Food and Agriculture.~~

37 ~~(4) One representative of the University of California~~
38 ~~appointed by the president of the university.~~

~~(5) One public member with background and experience in agriculture appointed by the Director of Food and Agriculture.~~

~~(g) The Department of Food and Agriculture, after consultation with the technical review committee, shall establish criteria for the approval of applications for state financial assistance under this chapter. Such criteria shall include, but not be limited to, the following:~~

~~(1) Criteria requiring projects approved for financial assistance to be cost effective and establishing a method of determination of cost effectiveness.~~

~~(2) Criteria providing reasonable assurance of an applicant's ability to repay loans financed or guaranteed.~~

~~(3) Criteria concerning the terms and conditions of loans. The interest rate on loans made pursuant to this chapter shall not be less than 6 percent per year.~~

~~(4) Criteria establishing a maximum percentage of state-provided financial assistance for any project. In no case shall state financial assistance provide more than 90 percent of the total project cost.~~

~~(5) Criteria which will ensure that numerous conservation and renewable resource technologies are included in the program, and that concentration on one or two technologies is avoided.~~

~~(6) Criteria for the approval of equipment financed under the program. Such criteria may include requirements for equipment and installation warranties.~~

~~(7) Requirements that cost effective energy conservation measures be implemented in conjunction with renewable resource technologies.~~

~~(h) The Renewable Resource Energy Agricultural Account is hereby created in the General Fund. All moneys in such account shall be available for allocation by the Department of Food and Agriculture for the purposes of this section without regard to fiscal year when appropriated therefor by the Legislature. All moneys repaid pursuant to the provisions of this chapter shall be deposited in such account and shall thereupon become available for allocation for the purposes of this section when appropriated therefor by the Legislature.~~

1 ~~Funds expended in any calendar year by the~~
2 ~~department from the account for administering the~~
3 ~~provisions of this chapter shall not exceed 5 percent of the~~
4 ~~total amount of financial assistance provided to applicants~~
5 ~~in that year.~~

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