

# Briefing Materials

## Prepared for the January 9, 2025, meeting of the Grants & Resources Subcommittee of the California Agricultural Land Equity Task Force

The Grants & Resources Subcommittee (Subcommittee) of the California Agricultural Land Equity Task Force (Task Force) was established on May 9, 2024. Subcommittee members include James Nakahara, Thea Rittenhouse, Doria Robinson, and Liya Schwartzman.

In preparation for the first Subcommittee meeting on January 9, 2025, SGC staff request that Subcommittee members review the information included in this briefing packet.

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# Related Grant, Loan, and Incentive Programs from Other States

At a previous Subcommittee meeting, members requested information about grant, loan, and incentive programs from other U.S. states that support agricultural land access.

The first section shares comparative insights from recent research on policy incentive programs in the U.S. The second section describes and links to a spreadsheet of non-CA programs that facilitate agricultural land access for beginning farmers.

## Land Access Policy Incentive Examples and Outcomes

There are several recent, comparative studies on land access policy incentives in the U.S. The paper "[Land access policy incentives: Emerging approaches to transitioning farmland to a new generation](#)" by Valliant and Freedgood (2019) discusses three policy approaches to facilitate land access for "young, beginning, and/or socially disadvantaged farmers and ranchers," collectively referred to as "New Gen" (p. 72).

These policy incentives include:

- 1) **Beginning Farmer Tax Credit (BFTC) programs:** Provide landowners a credit on their state income taxes "for choosing a New Gen farmer as the farm's next operator or buyer" (p. 73). This can mean leasing or selling the land.
- 2) **Conservation Reserve Program-Transition Incentives Program (CRP-TIP):** A federal program that allows "landowners with expiring CRP contracts [to] earn two additional years of payments in exchange for renting or selling their land to a New Gen farmer" (p. 73).
- 3) **State-level agricultural easement incentive programs:** Provide financing to New Gen farmers and ranchers to help purchase land and protect the land with an agricultural conservation easement.

The report highlights that there has been increased interest in these policies as of late, **but little is known about their effectiveness, impact, and reach.** The authors thus emphasize the need for further research on these policies.

Based on the research that has been done, the paper suggests that these **policy incentives might slightly increase the number of farms owned by beginning farmers and help them stay in the profession longer** (p. 74).

[“Bipartisan creation of US Land Access Policy Incentives: states’ efforts to support beginning farmers and resist farm consolidation and loss”](#) (Valliant, O’Neill, and Freedgood 2024) evaluates land access policy incentive development and implementation in nine states in relation to beginning farmers and ranchers.

The authors note that these policies, though often well-utilized, are **generally designed for larger parcel sizes and broadacre operations and are less effective at helping smaller farmers.**

Further, the authors note that land access policy incentives **“mainly pay landowners as gatekeepers of land access. The incentive is indirect to the [Young Beginning Farmer and Rancher]”** (p. 14) They state that small farms need policy incentives, but that existing programs do not meet their needs.

The authors suggest the following modifications to existing policy incentive programs to benefit small farms:

1. “incentivize leases or sales to specialty crop farms at a higher rate,
2. lengthen the required lease duration to ensure longer tenure,
3. increase support for land purchases, and
4. qualify smaller parcels for farm preservation” (p. 14).

The sections below consider the outcomes of BFTCs and the CRP-TIP in greater detail.

### *Beginning Farmer Tax Credit (BFTC) programs*

Indiana University, USDA, and American Farmland Trust conducted surveys on recipients of BFTC programs in [Iowa \(IA\)](#), [Minnesota \(MN\)](#), and [Nebraska \(NE\)](#) (Valliant et al.). They found that, for all three states, **the vast majority of beginning farmers and ranchers who have participated in BFTCs still face land access challenges (70 percent or more in all states).**

For all three states, the survey found that **few enrolled lease agreements led to the sale of land to beginning farmers.** In other words, landowners who receive a tax credit for leasing to a beginning farmer rarely sell that land to the tenant.

However, in all three states, beginning farmers and ranchers and landowner participants **rate the programs highly.**

Based on survey responses, **20 percent of BFTC participants in MN were first-generation farmers**. This is higher than in IA and NE; of survey respondents in these states, **6 percent and 12 percent were first-generation farmers and ranchers**, respectively.

The survey results suggest that, **in about 40–60% of cases, the BFTCs do not facilitate new lease agreements**.

Racial, ethnic, and gender data reveal **the recipients were overwhelmingly white males**: In MN, 97 percent identified as white and 94 percent as male; in IA, 98 percent identified as white and 99 percent male; in NE, 99% identified as white and 98% as male. (Valliant et al.). Other demographic information—age, income, and whether respondents currently own or lease land—can be found [here](#).

The Minnesota Down Payment Assistance Grant Program appears to have more diverse recipients, particularly in terms of gender, with **30 percent of recipients identifying as female**. However, **only about 10% of recipients were members of a community of color** ([Minnesota Department of Agriculture, p. 7](#)).

### *Conservation Research Program–Transition Incentive Program (CRP–TIP)*

[“An evaluation of the federal Transition Incentives Program on land access for next-generation farmers”](#) (Horst, Valliant, & Freegood 2024) identifies **several barriers preventing socially disadvantaged farmers and ranchers from accessing the Transition Incentives Program (TIP)**. These include:

- spatial mismatches between available land and where minority farmers live,
- lack of cultural and social infrastructure in TIP-eligible areas,
- high costs of converting CRP land for farming,
- limited financial incentives, and
- a lack of outreach to socially disadvantaged farmers.

Additionally, issues of structural racism, insufficient relationships between landowners and minority farmers, and the general poor economics of farming further complicate access to TIP.

[“Pathways to land access A Study of the Conservation Reserve Program – Transition Incentives Program in four states”](#) (Johnson 2017) examines Iowa, Nebraska, North Dakota, and South Dakota to conclude that **beginning farmers are the most common participant group in the CRP–TIP**.

Of the 480 participants in the programs, **none identified as socially disadvantaged farmers.**

The authors note that TIP participation is influenced by several factors:

- awareness of the program among stakeholders (outreach is a key factor in counties with high participation),
- strong relationships between landowners and prospective farmers, and
- the state of the agricultural economy.

Major barriers to participation include:

- difficulty in matching landowners with farmers for CRP-TIP enrollment and
- economic pressures, such as falling commodity prices and high startup costs.

### *Additional Resources on Land Access Policy Incentives*

- [Indiana University Food and Agrarian Systems Land Access Policy Incentives Resources](#)

## Non-CA Grant, Loan, and Incentive Programs for Beginning Farmers

Staff conducted a national analysis of non-California state-level incentive, grant, and loan programs aimed at facilitating the transfer of land to beginning farmers and ranchers.

[This spreadsheet lists the non-CA tax and other incentive programs](#) found through the course of this research. This list is not exhaustive; rather, it provides a preliminary overview of the national landscape of state-level land access programs that target beginning farmers and ranchers.

Many states have numerous policies and programs aimed at facilitating beginning farmer land transfer, including low-interest loan programs, tax credits, and grants. Note that the definition of “beginning farmers” varies between programs and states. For example, Delaware’s Young Farmers Program has age specifications, while most other programs use years of experience to determine eligibility.

Initial observations are as follows:

- Many of the low-interest loan programs provide tax-exempt bonds to lenders to help beginning farmers secure lower interest loans for purchasing agricultural land, equipment, and livestock.
- Many of the tax credit policies provide state tax credits to existing agricultural asset owners—such as those owning land, infrastructure, equipment, or livestock—who lease or sell these assets to beginning farmers.
- The grant programs listed in the spreadsheet are diverse and can range from supporting succession planning to providing funding for the purchase of land; however, they each prioritize land access for beginning farmers and ranchers in some way.

# Defining Priority Populations in California

State agencies in California must navigate specific laws and regulations when designing public funding programs. Below are brief overviews of two critical governance structures: 1) Prop 209 and 2) California Climate Investments' definition of priority populations.

## Prop 209 (CA Constitution Article 1 Section 31)

California voters passed Proposition 209 in 1996. The proposition amended the Constitution to include the following language: "The State shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting" ([California Code, CONS SEC. 31.](#))

"Public contracting" has been largely interpreted to include grants. This means that grant programs administered by state agencies cannot prioritize recipients on the basis of race or gender.

Since its passage, there have been several efforts to repeal Prop 209. In 2020, the [California Senate passed Assembly Constitutional Amendment Act 5](#), sending the repeal of Prop 209 to the November 2020 ballot as Proposition 16. [The measure was defeated with 57 percent voting against the proposed repeal.](#)

The Reparations Task Force [recommended the repeal of Prop 209 in its final report](#) (p. 635).

At the federal level, [the U.S. Supreme Court invalidated admission practices at Harvard and the University of North Carolina](#) in 2023, thereby ending race-conscious admissions. This decision is expected to impact a range of affirmative action programs in states across the U.S.

### *Additional Resources on Prop 209*

[University of California Office of the President's compendium of Research and Analyses on the Impact of Prop 209 in California](#)

## California Climate Investments' Definition of Priority Populations

California Climate Investments (CCI) refers to the body of more than 90 programs that are funded by Cap-and-Trade auction proceeds. [CCI programs](#) include the Sustainable Agricultural Lands Conservation Program and the Healthy Soils Program.

The language below is from the [How Priority Populations are Defined section on the CCI website](#).

Per [Senate Bill 535](#) and [Assembly Bill 1550](#), **35% of California Climate Investments must be allocated to disadvantaged Communities, low-income communities and low-income households, collectively referred to as priority populations.**

These communities are defined as follows:

- [Disadvantaged communities](#): The California Environmental Protection Agency (CalEPA) is responsible for identifying disadvantaged communities. In 2022, CalEPA released an updated designation of disadvantaged communities and currently defines disadvantaged communities as:
  - The top 25% of census tracts experiencing disproportionate amounts of pollution, environmental degradation, and socioeconomic and public health conditions according to the Office of Environmental Health Hazard Assessment's [CalEnviroScreen 4.0 tool](#). [CalEnviroScreen](#) uses environmental, health, and socioeconomic information to compare pollution burdens across census tracts. The [full list of CalEnviroScreen indicators](#) are available on the Office of Environmental Health Hazard Assessment's website.
  - Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps but receiving the highest 5% of CalEnviroScreen 4.0 Pollution Burden composite scores;
  - Census tracts identified in 2017 as disadvantaged, regardless of their scores in CalEnviroScreen 4.0; and
  - Lands under the control of federally recognized Tribes.
- Low-income communities and households are those with incomes either at or below 80 percent of the statewide median or below a threshold [designated as low-income by the Department of Housing and Community Development](#).

This [map of the California Climate Investments Priority Populations 2024](#) shows low-income or disadvantaged communities by census tract. These designations are used to measure and ensure compliance with SB 535 and AB 1550.