

Act to Establish a Farm Assistance Corporation -- sponsored by Assemblyman
Art Torres, California, 1976 session

March 16, 1976
Req. #4557

An act to add Division 1.5 (commencing with Section 1501) to the Food and Agricultural Code, relating to agricultural land, and making an appropriation therefor.

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

SECTION 1. Division 1.5 (commencing with Section 1501) is added to the Food and Agricultural Code, to read:

DIVISION 1.5. FARM ASSISTANCE
CORPORATION

Chapter 1. Policy Declarations and Definitions.

1501. This division shall be known and may be cited as the Farmers Homestead Act of 1976.

1502. The Legislature finds and declares that the escalating cost of land, farm equipment and supplies, and operating capital has made it virtually impossible for many persons to enter into farming as a career; that neither the state government nor the private sector is able to meet the financial requirements necessary to permit persons of ordinary means to engage in farming on a career basis; and that it is essential for the state government to provide a new program of assistance if the family farm system is to be perpetuated in this state.

It is therefore the purpose of this act to provide the assistance necessary to permit and encourage people to engage in farming as a career.

1503. As used in this division:

- (a) "Board" means the board of directors of the corporation.
- (b) "Corporation" means the Farm Assistance Corporation.
- (c) "Council" means the advisory council appointed under Chapter 5 (commencing with Section 1581) of this division.
- (d) "Farm unit" includes any land and buildings on such land.
- (e) "Secretary" means the Secretary of Agriculture and Services.

Chapter 2. Creation and Organization
of the Farm Assistance Corporation

1521. There is in the state government the Farm Assistance Corporation, which shall be managed by a board of directors composed of five members appointed by the Governor.

1522. The term of office of members of the corporation shall be for four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The terms of office of members first taking office shall expire, as designated by the Governor at the time of appointment, one at the end of two years, two at the end of three years, and two at the end of four years.

1523. The majority of the total authorized membership shall be necessary, and shall constitute a quorum, to approve any action required or permitted under this division.

1524. No officer or employee of the state shall be eligible for appointment as a member of the board.

1525. The members of the board shall be paid compensation for their services as the State Personnel Board determines; provided, that it does not exceed one hundred fifty dollars (\$150) for each full day of attending meetings of the board. In addition, each member shall be reimbursed for his actual and necessary expenses, including travel expenses, incurred in the performance of his duty as a member of the board.

1526. The board shall appoint a chief executive officer who shall be exempt from civil service and serve at the pleasure of the board. The board shall prescribe the duties and salary of such officer, and, consistent with applicable civil service laws, shall appoint and discharge any employee of the board as it deems necessary to carry out the provisions of this division.

1527. The headquarters of the board shall be in the City of Sacramento, but may establish one or more branch offices in other parts of the state in order to more efficiently carry out the provisions of this division.

Chapter 3. Powers and Duties

1551. The corporation may or shall do any of the following:

(a) It shall have perpetual succession and existence.

(b) It may adopt, alter, and use a corporate seal which shall be judicially noticed.

(c) It may sue and be sued in its corporate name.

(d) It may adopt, amend, and repeal bylaws, rules and regulations governing the manner in which its business may be conducted under the provisions of this division.

(e) It may request for any available information from, and request assistance from, any agency of the state in carrying out the provisions of this division.

(f) It shall determine the character of and the necessity for its obligations and expenditures under this division and the manner in which they shall be incurred, allowed, and paid.

(g) It shall have authority to make final and conclusive settlement and adjustment of any claims by or against the corporation or the accounts of its fiscal officers;

(h) It may, without regard to any other provision of law, negotiate for, purchase, and sell real property as authorized by this division

(i) It shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the corporation and all such incidental powers as are customary in corporations generally in this state.

1552. In carrying out the provisions of this division, the board shall utilize to the extent practicable, the personnel and services, of other state agencies in carrying out the provisions of this division.

1553. For purposes of carrying out the provisions of this division, the corporation may receive funds from any private or public sources and may issue and sell revenue bonds of not to exceed five million dollars (\$5,000,000) during the 1977-78 fiscal year and of not to exceed ten million dollars (\$10,000,000) at any time thereafter.

1554. The corporation shall at all times maintain complete and accurate books of account and shall file annually with the Secretary of Agriculture and Services a complete report as to the business of the corporation. The financial transactions of the corporation shall be audited at least once each year by the Department of Finance which shall file a report with the secretary. Such report shall not be made until the board shall have had reasonable opportunity to examine it and make comments which shall also be filed with the secretary.

Chapert 4. Land Purchase, Lease and Sale

1571. (a) The corporation may negotiate for and purchase farm land or units which may come on the market from time to time. In no case may the corporation purchase any farm unit which cost in excess of two hundred thousand dollars (\$200,000); provided, however, that the corporation

may purchase any farm or ranch of any size for subdivision into units of no more than two hundred thousand dollars (\$200,000) in value.

(b) Any farm unit acquired by the corporation shall be made available for lease, and subsequently for sale, as provided in this division.

1572. A farm unit may be leased to an eligible applicant for a period of not less than two, nor more than seven years.

A lease initially entered into for a period of less than seven years may be extended by the lessee with the consent of the board so long as the total term of the lease does not exceed seven years.

1573. The amount charged for the lease of any farm unit shall be determined by the corporation so as to cover the cost of all real estate or other taxes levied against such farm unit during the term of the lease plus an amount sufficient to reimburse the corporation, (on a pro rata basis), for debt service expenses incurred in acquiring such farm unit and shall be charged and collected on an annual basis, as determined by the corporation. The corporation may adopt variable terms of payment to take into account both bountiful and natural disaster conditions.

1574. During the term of the lease the lessee may be permitted to make permanent improvements on the farm within a five acre area designated by the board. Such improvements may be made in accordance with such regulations as the board shall prescribe and may be financed through private commercial sources, through federal programs, or by the corporation. The farm shall be deemed to be the property of the lessee in any dispute between the corporation and the lessee.

The lessee of a farm unit may not sublease the farm unit except in extraordinary cases approved by the board.

1575. The corporation may terminate the lease of a farm unit for any substantial violation of the lease agreement, including, but not limited to, a failure to pay the rent or other charges required under the lease agreement. The procedures for terminating a lease shall be prescribed in regulations issued by the board.

¶1576. The lease agreement shall provide that the corporation shall have a lien on all unharvested crops on the farm unit for all monies owed the corporation by the lessee.

(a)
1577./ The lessee of a farm unit may, at any time within six months prior to the expiration of his lease, make application to the board for the purchase of such unit upon the expiration of such lease.

(b) The board shall approve such application for purchase, if it determines, on the basis of the lessee's operation of the farm unit during the period of the lease and on the basis of such other factors as the board shall prescribe, by regulation, that the lessee can successfully manage and operate such farm unit.

(c) The selling price of a farm unit owned by the corporation shall be determined at 75 percent of the appraised fair market value at the time of sale or the purchase cost to the corporation whichever is larger. In addition, capital gains realized in the five years subsequent to sale shall be vested at the rate of 20 percent per year to the purchaser.

1578. (a) Except as provided in subdivision (b) of this section, the corporation, its capital, reserves, and surplus, and its income and property, shall be exempt from all taxation now or hereafter imposed by the state, county, city, or special district.

(b) Farm units acquired by the corporation shall not be exempt from any tax referred to in subdivision (a) of this section.

Chapter 5. Advisory Council

1581. The secretary shall appoint an advisory council to advise the board in the administration of this division. The council shall consist of the following six members, who shall serve at the pleasure of the secretary.

(a) Three persons who are directly engaged in the production of agricultural products.

(b) Three persons who are not engaged directly in the production of agricultural products but who have an interest and knowledge of farming operations.

1582. The members of the council shall serve without compensation but shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties under this chapter.

1583. The duties of the council shall include, but not be limited to, all of the following:

(a) Advising the board on what the eligibility qualification should be for leasing farm units under this division including maximum net income and net worth.

(b) Recommending the methods for determining the net income and net worth of lease applicants under this division.

(c) Advising the board regarding the farm or ranch training or experience that should be required for leasing a farm unit under this division.

Req. #4557

(d) Advising the board regarding the terms and conditions that should be included in leasing agreements entered into under this division.

Chapter 6. Reports

1591. The board shall submit a report to the Legislature on or before February 1 of each year, commencing in the 1978 calendar year, on the operations of the corporation during the past year. The board shall include in such report a statement of policy regarding the operation of the corporation in the subsequent years.

SEC. 2. There is hereby appropriated from the General Fund in the State Treasury to the Secretary of Agriculture and Services the sum of _____ dollars (\$ _____) for allocation, without regard to fiscal year, to the Farm Assistance Corporation for purposes of carrying out the provisions of Division 1.5 (commencing with Section 1501) of the Food and Agricultural Code.

From the Reader of the Conference on Alternative State & Local Public Policies held June 10-13, 1976 in Austin, Texas. The reader was edited and compiled by Derek Shearer, California Public Policy Center Los Angeles, California and Lee Webb, Professor of Public Policy, Goddard College Plainfield, Vermont.

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