
THIRD READING

Bill No: AB 697
Author: Chau (D), et al.
Amended: 8/26/21 in Senate
Vote: 21

SENATE NATURAL RES. & WATER COMMITTEE: 7-0, 7/13/21
AYES: Stern, Allen, Eggman, Hertzberg, Hueso, Laird, Limón
NO VOTE RECORDED: Jones, Grove

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/26/21
AYES: Portantino, Bradford, Kamlager, Laird, McGuire
NO VOTE RECORDED: Bates, Jones

ASSEMBLY FLOOR: 66-0, 6/1/21 - See last page for vote

SUBJECT: Forest resources: national forest lands: Good Neighbor Authority
Fund: ecological restoration and fire resiliency projects

SOURCE: The Nature Conservancy

DIGEST: This bill substantially revises the existing Good Neighbor Authority Fund chapter in state law by, among other things, requiring the Secretary of the Natural Resources Agency to establish a program for conducting ecological restoration and fire resiliency projects on national forestlands within the state with priority given to landscape scale forest restoration and fuels reduction projects, as provided.

ANALYSIS:

Existing federal law:

- 1) Establishes under Good Neighbor Authority (GNA) that the Secretary of Agriculture or Interior can enter into a Good Neighbor Agreement with a Governor or county to carry out authorized restoration services.

- a) These restoration services include forest, rangeland, and watershed restoration services including activities to reduce hazardous fuels, activities to treat insect-and disease-infected trees and any other activities to restore or improve forest, rangeland, and watershed health, including fish and wildlife habitat on National Forest and certain federal public lands, as specified.
- b) Timber sales from federal lands are authorized under a Good Neighbor Agreement and revenues shall be retained and used to carry out authorized restoration services on federal land under the good neighbor agreement, as provided. (Title 16, United States Code, §2116).

Existing state law:

- 1) Establishes the California Department of Forestry and Fire Protection (CAL FIRE) in the California Natural Resources Agency. CAL FIRE is responsible for, among other things, fire protection and prevention, as provided.
- 2) Authorizes CAL FIRE to enter into an agreement, including a grant agreement, for prescribed burning or other hazardous fuel reduction. Authorizes the state to assume a proportionate share of the costs of site preparation and prescribed burning or other hazardous fuel reduction on wild lands.
- 3) Authorizes CAL FIRE to provide grants or enter into agreements with entities, including, but not limited to, private or nongovernmental entities, to improve forest health and reduce greenhouse gas emissions. Requires monies appropriated to CAL FIRE for landscape-scale projects to be allocated as follows:
 - a) To subsidize the removal of small diameter material, especially surface fuels and ladder fuels, as well as dead trees, in order to help develop markets for beneficial uses of the material, including, but not limited to, animal bedding, bio char, cross-laminated timber, mulch, oriented strandboard, pulp, post, shredding, and veneer products.
 - b) For multiple benefit projects, such as tree thinning, carbon sequestration, forest resilience, and improved ecological outcome projects, including but not limited to, restoring watershed health and function, and supporting biodiversity and wildlife adaptation to climate change. Requires CAL FIRE to prioritize grant funding to landowners who practice uneven-age forest management with a resilient forest of diverse age, size, and species class within the boundaries of the project and whose activities are conducted pursuant to an approved timber harvest plan, nonindustrial timber harvest plan, or working forest management plan. Requires an application for a grant for a project to include a description of how the proposed project will

- increase average stem diameter and provide other site-specific improvement to forest complexity, as demonstrated by the expansion of the variety of tree age classes and species persisting for a period of at least 50 years.
- c) For activities on National Forest lands to increase tree stand heterogeneity, create forest opening of less than one acre, and increase average tree stand diameter of residual trees. Requires collaboration with the Air Resources Board for grant approvals for projects on National Forest lands.
- 4) Establishes the Good Neighbor Authority Fund in the State Treasury. Monies in the Fund are available to execute forest health and fuels reduction projects on federal lands under Good Neighbor Agreements, and to fund costs associated with planning, implementing, and maintaining these projects, as provided.
- a) State entities subject to GNA Agreements are authorized to accept grants and donations, as provided, or funds from any source for the purpose of supporting or facilitating activities pursuant to GNA agreements.
 - b) Monies in the Fund shall be transferred at the direction of the Secretary of Natural Resources.
 - c) GNA Agreements authorize these entities to sell timber harvested during these activities to offset project costs and support implementation of new GNA projects. (Public Resources Code (PRC) §4810)
- 5) Provides, until January 1, 2023, that California Environmental Quality Act (CEQA) does not apply to prescribed fire, thinning, or fuel reduction projects undertaken on federal lands to reduce the risk of high-severity wildfire where the projects have been reviewed under the federal National Environmental Policy Act of 1969 (NEPA) and either the primary role of a state or local agency is providing project funding or staffing, or the project is undertaken pursuant to GNA or stewardship agreement, as specified. This allowance is contingent on the Secretary of the Natural Resources Agency certifying on or before January 1 of each year that NEPA has not been substantially amended on or after August 31, 2018. (PRC §4799.05)

This bill revises, substantially, the existing Good Neighbor Authority Fund chapter in state law by, among other things, requiring the Secretary of the Natural Resources Agency to establish a program for conducting ecological restoration and fire resiliency projects on national forestlands within the state with priority given to landscape scale forest restoration and fuels reduction projects, as provided. Specifically, this bill:

- 1) Renames the chapter the “Good Neighbor Authority Program.”

- 2) Requires the Secretary of the Natural Resources Agency to establish a program for conducting ecological restoration and fire resiliency projects on forest lands subject to the following conditions:
 - a) The program will be under an agreement between the state and federal government.
 - b) Priority shall be given to forest restoration and fuels reduction projects that are landscape scale, and are focused on ecological restoration, community fire protection, and protection of water and other infrastructure.
 - i) Projects shall emphasize the use of prescribed fire, and are required to be based upon the best available science.
 - ii) Projects with multiple benefits are required to be prioritized, as provided.
 - c) Projects are required to be designed to the extent feasible to prevent type conversion and the spread of invasive plants and grasses; provide for ecological restoration and fire resiliency appropriate to the landscape; and provide ecologically appropriate treatment for native shrublands, including the removal of flammable nonnative invasive species and restoration of native species, as provided.
 - d) Eligible activities under the program may include:
 - i) The development of environmental documents pursuant to NEPA and CEQA.
 - ii) Other activities related to project planning, as specified.
 - iii) Implementation and maintenance of selected projects, including ecological thinning, prescribed fire, replanting, and related activities necessary to carry out authorized restoration services, as specified.
 - e) Authorizes the Secretary of the Natural Resources Agency to contract with Native American tribes, state agencies, local governments, special districts, forest collaboratives, resource conservation districts, private entities, and qualified nongovernmental organizations to assist in planning, implementing, and maintaining landscape scale restoration projects on national forest lands.
- 3) Defines a “forest collaborative” to mean a functioning transparent and inclusive collaborative group that includes multiple persons or entities representing diverse interests, that has sufficient expertise, capacity and scientific support to effectively plan, implement and monitor landscape-level, ecological-based forest restoration activities.

Background

Catastrophic and devastating wildfires have occurred repeatedly in the state in recent years. Almost 1.7 million acres from almost 7,000 fires have already burned in 2021. This follows on the record-breaking wildland fire activity in 2020 where over 8,000 wildland fires burned almost 4.4 million acres. The 2020 August Complex Fire in northern California – the largest fire in California’s modern history – burned over 1 million acres by itself, and the second largest fire, the 2021 Dixie Fire, has already burned more than 750,000 acres. Five of the seven largest fires in the state’s modern history burned at the same time in 2020.

In the last five years from wildland fire, tens of thousands of structures – almost entirely homes - have been destroyed, insured losses incurred are in the billions of dollars, prime habitat has been damaged, and, tragically, hundreds of lives have been lost. In addition, millions of Californians have been exposed to unhealthy air quality due to the wildfires, and millions of tons of carbon dioxide emitted to the atmosphere. Improving the health and resiliency of the state’s wildlands and forests to wildland fire are important to protecting public and environmental health and safety.

Continuing drought conditions in the state magnify the risk of further catastrophic and dangerous wildfires. As climate change continues to affect the state, wildfires are projected to continue to increase in frequency and intensity resulting in significant damage to public and environmental health, property, infrastructure and ecosystems.

Improving forest and wildlands stewardship in California, however, is complicated by the fact that the state itself only owns about 3% of the approximately 33 million acres of these lands in the state. The federal government owns 57% (primarily in National Forests), and private landowners own the remaining 40%.

Major wildfires have started on federal forestlands then spread to and damaged communities throughout the state. The health of federally managed forestlands has a significant impact on all Californians: these forests provide clean air, clean water, carbon storage and recreational opportunities. High-intensity wildfires threaten all of these values.

According to the US Forest Service, GNA allows it to enter into agreements with state forestry agencies and others to do important management work to keep forests healthy and productive, including forest and watershed restoration, and hazardous fuels reductions. GNA was first authorized in 2014 and its scope expanded in 2018. Funding for projects pursuant to the GNA is authorized from

the sale of timber on national forest lands. A goal of these agreements is to increase the pace and scale of restoration across national forest lands through collaborative efforts.

In January 2021, the Forest Management Task Force released “California’s Wildfire and Forest Resilience Action Plan” (Action Plan). The Action Plan builds upon ongoing or new efforts to reduce wildland fire risk and promote resiliency. Of particular interest in the Action Plan are explicit goals for expanded use of GNA agreements.

NOTE: Additional discussion of this bill can be found in the Senate Natural Resources and Water Committee’s bill analysis.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- Unknown but potentially significant cost pressure (General Fund or special fund) to fund projects under the GNA Program, which this bill establishes.
- To the extent this bill encourages forest treatment activities that reduce the occurrence of catastrophic wildfires from what otherwise would have occurred, this bill will result in potentially significant savings due to avoided fire suppression and other costs (General Fund).

SUPPORT: (Verified 8/28/21)

The Nature Conservancy (source)
Amador County Board of Supervisors
Association of California Water Agencies
California Association of Resource Conservation Districts
California Council for Environmental and Economic Balance
California Native Plant Society
California Wilderness Coalition
Defenders of Wildlife
East Bay Municipal Utility District
Golden State Power Cooperative
Midpeninsula Regional Open Space District
Northern California Power Agency
Pacific Crest Trail Association
Placer County Water Authority
Sierra Business Council
Upper San Gabriel Valley Municipal Water District

Watershed Research & Training Center
Yuba Water Agency

OPPOSITION: (Verified 8/28/21)

None received

ARGUMENTS IN SUPPORT: According to the author, “The federal government owns and manages 57% of California’s 33 million acres of forestland, while the state and local governments own and manage only 3% of the forestlands. Wildfires are a continuing and growing problem in California. The frequency, size, and intensity of wildfires is increasing every year, causing severe damage to infrastructure, life, our forest ecosystem, and property. In fact, the top seven largest wildfires all occurred since 2017 alone, and were amongst the deadliest. Fire of the top six occurred in 2020 alone, which resulted in more than 4.1 million acres burned. Many major wildfires start on federal forestlands then spread to and damage communities throughout our state. Recognizing the importance of working together to address forest health and wildfire risk, Congress expanded the Good Neighbor Authority (GNA) nationwide in 2014 to authorize the states and federal government to share funds, staff and other resources, across jurisdictional boundaries, through signed agreements. AB 697 would create a program for the State to plan, manage and implement forest restoration projects on U.S. Forest Service lands through an expanded and formalized GNA that would accelerate the pace and scale of ecologically based forest management and reduce wildfire risk.”

ASSEMBLY FLOOR: 66-0, 6/1/21

AYES: Aguiar-Curry, Arambula, Bauer-Kahan, Bennett, Berman, Bloom, Boerner Horvath, Bryan, Burke, Calderon, Carrillo, Cervantes, Chau, Chiu, Cooley, Cooper, Cunningham, Daly, Davies, Frazier, Friedman, Gabriel, Gallagher, Cristina Garcia, Eduardo Garcia, Gipson, Lorena Gonzalez, Gray, Grayson, Holden, Irwin, Jones-Sawyer, Kalra, Kiley, Lackey, Lee, Levine, Low, Maienschein, Mayes, McCarty, Medina, Mullin, Muratsuchi, Nazarian, O'Donnell, Petrie-Norris, Quirk, Quirk-Silva, Ramos, Reyes, Luz Rivas, Robert Rivas, Rodriguez, Blanca Rubio, Salas, Santiago, Stone, Ting, Villapudua, Waldron, Ward, Akilah Weber, Wicks, Wood, Rendon

NO VOTE RECORDED: Bigelow, Chen, Choi, Megan Dahle, Flora, Fong, Mathis, Nguyen, Patterson, Seyarto, Smith, Valladares, Voepel

Prepared by: Katharine Moore / N.R. & W. / (916) 651-4116
8/31/21 9:31:15

**** **END** ****