
SENATE COMMITTEE ON NATURAL RESOURCES AND WATER

Senator Henry Stern, Chair

2021 - 2022 Regular

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Subject: Urban forestry: California Community and Neighborhood Tree Voluntary Tax Contribution Fund

BACKGROUND AND EXISTING LAW

- 1) *Urban Forestry Program.* Existing law establishes the California Urban Forestry Act of 1978. For the purposes of this act, “urban forest” means those native or introduced trees and related vegetation in the urban and near-urban areas, including urban watersheds, soils and related habitats, street trees, park trees, residential trees, natural riparian habitats, and trees on other private and public properties. An “urban area” is urban place, as that term is defined by the U.S. Department of Commerce, of 2,500 or more persons.

Under this act, the Department of Forestry and Fire Protection (CalFire) provides grants, technical assistance, education, and policy advice to local governments, non-profits, private sector organizations, and the public to advance urban forestry efforts. Eligible activities and projects under the Urban and Community Forestry Grant Program (Urban Forestry Program or Program) include:

- a) Tree planting projects.
- b) Demonstration projects, as specified.
- c) Urban forest management and improved urban forest maintenance, as specified.
- d) Provision of seedling and tree stock.
- e) Development of urban tree plans, as specified, and urban forest master plans or similar plans designed to provide comprehensive urban forest protection, maintenance, and management.
- f) Development of training and educational materials, as specified.
- g) Planning and technical assistance for eligible applicants assisting disadvantaged communities.

The Program has primarily been funded with bond funds and the Greenhouse Gas Reduction Fund (GGRF). It also utilizes federal funds and has occasionally used General Fund. The Program prioritizes serving under-resourced, low-income communities. According to CalFire, local communities have planted more than 80,000 trees through this Program since 2015, primarily in disadvantaged communities. The Program also works with CalFire’s Fire Prevention Program in advocating fire-safe landscaping for homeowners and communities.

- 2) *Federal Program.* The U.S. Forest Service administers an Urban and Community Forestry Program, which supports the planning and management of urban trees and

forests. The program partners with states, cities, communities, and nonprofit organizations to invest in activities, information, tools, and public outreach to restore and sustain urban trees and forests. Region 5 of the Forest Service offers an interactive urban tree canopy cover tool for California and other decision-support tools.

- 3) *Urban Greening Program.* Existing law directs the Strategic Growth Council (SGC) to support the planning and development of sustainable communities through urban greening projects that provide multiple benefits, including the establishment or enhancement of urban forestry, tree canopy, local parks and green space, and urban heat island mitigation, among others. This program defines “urban greening” to mean a community-based effort to plan, plant, care, and manage flora, structures and spaces which increase forest canopy, reduce storm water runoff, improve air and water quality, conserve energy and open space, and lead to more sustainable communities. The program funds projects that convert the existing built environment into green space using natural and green infrastructure approaches while maximizing greenhouse gas (GHG) emissions reductions. SGC partners with the California Natural Resources Agency (CNRA) to administer this program, which has received funding from Proposition 84 and GGRF.
- 4) *Transformative Climate Communities Program.* Existing law establishes the Transformative Climate Communities Program at SGC to fund coordinated, neighborhood-level GHG emissions reduction projects that provide multiple benefits to disadvantaged communities. This program funds urban greening and green infrastructure strategies, including urban tree planting, vegetation planting, tree inventories, urban forest mapping and analysis, and long-term management plans.
- 5) *Environmental Enhancement and Mitigation Program.* Existing law establishes this CNRA program with the intention that the Legislature will appropriate \$7 million annually from the Highway Users Tax Account for grants to local, state, and federal governmental agencies and nonprofit organizations to mitigate the environmental impacts of new or modified public transportation facilities. Eligible projects include urban forestry projects designed to offset vehicular emissions of carbon dioxide.
- 6) *Tax Checkoff Program.* Existing law allows a taxpayer to contribute money to voluntary tax contribution funds by checking a box on the Personal Income Tax Return. Taxpayers can claim the contributions as charitable deductions on their returns in the subsequent year. For any new voluntary tax contribution fund added to the list, existing law requires the fund to generate at least \$250,000 annually, as specified, to stay on the list. Currently, there are 19 voluntary tax contribution funds on the list, including the California Sea Otter Fund, Protect Our Coast and Oceans Fund, Rare and Endangered Species Preservation Program, and the State Parks Protection Fund/Parks Pass Purchase.

PROPOSED LAW

This bill creates a new voluntary tax contribution fund, to be known as the California Community and Neighborhood Tree Voluntary Tax Contribution Fund, and continuously appropriates moneys from this fund to CalFire for the Urban and Community Forestry Grant Program, as specified. Specifically, this bill:

- 1) Makes findings and declarations related to benefits of urban forestry and its importance as a strategy to mitigate urban heat islands, as well as the difficulties disadvantaged and low-income communities face funding and maintaining urban forestry programs.
- 2) Establishes the California Community and Neighborhood Tree Voluntary Tax Contribution Fund (Community Tree Fund) and authorizes an individual to designate on the tax return that a contribution in excess of the personal income tax liability, if any, be made to the fund. Establishes requirements for this process and tasks the Controller and Franchise Tax Board with associated duties, as specified. Requires the Community Tree Fund receive at least \$250,000 per calendar year in contributions to stay operative.
- 3) Provides that the Community Tree Fund and its associated provisions shall remain in effect until January 1, 2028, and the provisions will be repealed on December 1, 2028.
- 4) Continuously appropriates moneys from the Community Tree Fund as follows:
 - a) To the Franchise Tax Board and the Controller for reimbursement of all costs incurred in managing contributions to the Community Tree Fund, as specified.
 - b) To CalFire to fund grants under the Urban and Community Forestry Grant Program. Requires CalFire to use a minimum of 25 percent of the funds for the following:
 - i) To develop urban tree plans that include coordination of local agency efforts and community involvement.
 - ii) To develop urban tree plans that include coordination of multiple jurisdictions, multiple agency efforts, and community involvement.
 - iii) To develop urban forest master plans or similar plans designed to provide comprehensive protection, maintenance, and management of the urban forest.
 - iv) To develop training and educational materials on proper care and maintenance of trees and the urban forest, including young and mature tree care.
 - v) For improved urban forest maintenance and projects that respond to events that impact urban forest health, including drought, storms, pests, and disease.
- 5) Requires CalFire to report on an internet website the number of trees planted, the location of the trees planted, and the volume of projected carbon captured by the trees planted, and information to assist contributors to the Community Tree Fund in interacting with local and regional tree planting programs.

ARGUMENTS IN SUPPORT

According to the author, "Placing the California Tree Fund on the state income tax as a voluntary contribution fund (VCF) provides a modest but reliable source of funding for urban tree programs most focused on bringing trees to communities that are disadvantaged or lack government infrastructure needed to enter into and support urban tree planting and care agreements.

The most successful voluntary contribution funds are those with broad, state-wide non-profit support. Fortunately, Californians are the original tree huggers, and from San

Diego to the Oregon border, there are groups that work directly with local governments, utilities, and the public to plant trees. These groups will use the CTF as a fundraising rallying point, and private foundations can make direct contributions to the CTF to further support the state's urban forestry programs. Urban forestry needs a consistent source of funding, and this bill highlights the value of tree planting in disadvantaged communities. The creation of the California Tree Fund helps to solve the funding issue, while creating a marketing opportunity for all tree huggers to leverage, and for these communities to use as a strategy to improve air quality and reduce the negative impacts of climate change."

ARGUMENTS IN OPPOSITION

None received.

COMMENTS

Double referral. This bill is also referred to the Senate Governance & Finance Committee.

Urban forests and their benefits. Urban forests provide substantial environmental, economic, social, and public health benefits. Creating and maintaining healthy urban forests is becoming more critical due to warming temperatures, the growth of impervious surfaces in urban areas, the need to mitigate air pollution and storm water runoff, and for the variety of other benefits provided.

According to the *California Forests and Rangelands 2017 Assessment (2017 Assessment)*, California's urban area covers 5 percent of the land base and supports almost 95 percent of the population. Statewide, impervious surfaces in census-defined urban areas (UAs) increased 20 percent between 2000 and 2010. Roads, parking lots, buildings and other impervious surfaces in urban areas absorb solar radiation, creating Urban Heat Islands (UHI), with temperatures in urban areas up to six degrees Fahrenheit greater than rural areas during the day and as much as 22 degrees higher at night. Climate change is producing more frequent heat waves and warmer temperatures that are likely to expand and intensify UHI. This raises concerns for higher energy consumption, elevated emissions of air pollutants and greenhouse gases, compromised human health and comfort, and impaired water quality. One of the more effective strategies to mitigate the negative impacts of UHI is to increase canopy cover by planting urban trees.

The benefits of urban forests in California include: CO₂ storage and sequestration (110 MMT/year); air pollution removal (23,700 MT/year); rainfall interception, improved water quality runoff; reduced energy use; and jobs and economic value to the state economy. Some of these values have been estimated monetarily statewide. For example, reduced energy use from canopy shading and cooling saves an estimated \$568 million annually. Annual benefits to water infrastructure, including rainfall interception, reduced water pollution, and reduced flood risk, are estimated at \$324.6 million. The economic activity associated with urban forestry in 2009 in California was \$3.6 billion, and urban forestry related jobs in California totaled over 60,000 that year.

According to the *2018 California Forest Carbon Plan*, urban greenspace and urban forests also provide significant public health and community benefits. They are

associated with increased physical activity, decreased childhood obesity, longevity among seniors, lower stress, and improved concentration in children with attention deficit disorder.

Equity Considerations. There are important equity implications to consider in urban forestry programs because urban forests and their benefits are not distributed equally across the state or within communities. Disadvantaged communities typically have less tree canopy cover than wealthier communities. Urban tree canopy cover is the layer of leaves, branches, and stems of trees that cover the ground when viewed from above. The table below from the *2018 California Forest Carbon Plan* shows that 76 percent of census tracts in disadvantaged communities have less than 10 percent tree canopy cover, whereas only 34 percent of non-disadvantaged tracts have that level of cover.

Table 17. California Disadvantaged Communities Percent Tree Canopy in Urban Areas.

Urban Tree Canopy Cover	Disadvantaged (25.3 Percent of all tracts)		Non-Disadvantaged (74.7 percent of all tracts)	
	Number of Census Tracts	Percent of Disadvantaged Tracts	Number of Census Tracts	Percent of Non-Disadvantaged Tracts
<10 percent	1,498	75.8	2,244	38.5
10-20 percent	406	20.5	2,172	37.3
>20 percent	72	3.6	1,407	24.2
Total Number of Tracts	1,976	100	5,823	100

Data Notes: 2012 Census-defined California urban areas only. Total number of urban census tracts is 7,799. Disadvantaged community status is based on CES scores of > 75 percent.
Source: Bjorkman et al., 2015.

Further, according to *2017 Assessment*, urban areas with disproportionately low tree canopy cover tend to be in the hotter Inland and South-West Desert regions. The table below shows counties with less than 10 percent tree canopy cover, based on 2013 data.

County	Tree Canopy
Imperial	3.50%
San Benito	5.60%
San Bernardino	6.30%
Riverside	6.50%
Kings	6.70%
Kern	6.80%
Tulare	7.90%
Lassen	8.30%
Modoc	8.60%
San Joaquin	8.70%
Glenn	9.10%
Merced	9.40%

Author’s amendments. Given this inequitable distribution, the author has submitted amendments to prioritize low-income and disadvantaged communities for investments from the Community Tree Fund (see Amendments section). Given the disproportionate

climate and environmental burdens faced by these communities, prioritizing urban forestry funding there can often provide the greatest benefits and value per dollar spent.

Management Considerations. Management and maintenance of the urban forest is complex because there is little consistency in how urban forests are designed and planned. As such, urban forest management can vary widely across the state and at the local level. Baseline planning and management decisions occur at the local level. Usually, management is the responsibility of a combination of parties, including local governments, private landowners, and local nongovernmental organizations that support the urban forest at the community or city-wide level. Utility companies also play a role where trees interact with utility infrastructure, such as power, water, and communications lines. Private landowners, of course, plant and maintain trees and other vegetation in their own yards.

Local governments and organizations often need assistance conducting inventories to assess the extent and conditions of existing urban forests and planning for maintenance and expansion. Development without guidelines to conserve the urban forest can lead to decreased natural resources, and increase the potential for urban heat islands and air pollution. Policies and ordinances that recognize the value of trees by providing guidelines for inclusion, preservation, and protection are among the best means for managing and maintaining tree canopy cover. The bill would prioritize these activities for funding from the California Community and Neighborhood Tree Fund to help set communities up for success with their urban forestry programs.

Because urban forests are long-lived, it can be difficult to manage them adequately on often-fluctuating city and county budget cycles. According to the *2017 Assessment*, it can be challenging for communities to quantify urban forest benefits and show that these benefits outweigh the associated costs, especially for low-income and disadvantaged communities. As a result, these communities may consider urban forests as a lower priority or even expendable. The *2017 Assessment*, however, calculates that the average annual cost associated with planting and maintaining an urban street tree is \$19 per tree, but the benefit is \$110.63 per tree. The *2017 Assessment* also estimates a return on investment of \$5.82 for every \$1 spent.

How much funding would this proposal generate? It's impossible to predict the level of funding this proposal might generate. However, the bill would require the Community Tree Fund generate at least \$250,000 annually to stay on the list, which is consistent with existing law for establishing new voluntary tax contribution funds. Historical data might also provide a clue. The Franchise Tax Board tracks and reports voluntary tax contributions. The table below shows that California's voluntary tax contribution funds generate between \$3 million to \$7 million per year, raising on average \$150,000 to \$300,000 per fund.

Taxable Year	Number of Funds	Number of Returns	Total Contributed	Average Contribution per Fund	Average Contribution per Return
2014	18	102,000	\$6,000,000	\$333,333	\$59
2015	19	93,000	\$6,000,000	\$315,789	\$65
2016	19	40,000	\$3,000,000	\$157,895	\$75
2017	24	93,000	\$7,000,000	\$291,667	\$75

The most successful funds can raise significantly more in revenue, with the highest earners capturing between \$500,000 and \$850,000 per year. Over the last five years, the following funds have consistently ranked in the top five for total contributions, indicating public interest in social safety net programs, health, and natural resource and outdoor access programs:

- Emergency Food for Families
- School Supplies for Homeless Children
- Alzheimer's Disease and Related Dementia
- State Parks Protection Fund/Parks Pass Purchase
- California Cancer Research
- Rare and Endangered Species Preservation

Other Urban Forestry Funding Proposals. There are a few funding proposals currently under consideration for CalFire's Urban Forestry Program, including:

- The Governor's January budget proposal, which would allocate \$10 million General Fund early action and \$13 million General Fund for FY 2021-22 for this program as part of the Resilient Forests & Landscapes category of the Wildfire and Forest Resilience Strategy budget change proposal. The Legislature is currently considering its own priorities through the budget process.
- SB 45 (Portantino), which would enact a new general obligation bond act, which, if approved by the voters, would allocate at least \$25 million to protect or augment California's urban forests.
- AB 1500 (Eduardo Garcia), which would enact a new general obligation bond act, which, if approved by the voters, would allocate \$75 million to protect or augment California's urban forests, requiring projects to contribute to mitigating the urban heat island effect and extreme heat impacts.

The two bond proposals would provide longer-term funding for this program. Bond funds, however, are typically restricted to capital investment projects, with some exceptions for planning and monitoring. The General Fund proposal would not have the same limitations, unless imposed in the control language. The bill would provide an alternative source of funding for the program, prioritizing a portion for planning and management activities.

This bill could provide funding to help meet adopted urban forestry goals. The *2018 California Forest Carbon Plan*, adopted under Governor Brown, proposes to protect and enhance the carbon sequestration potential of urban forests while producing other benefits by protecting and expanding the existing tree canopy. Specifically, the plan establishes a goal to increase urban tree canopy statewide 10 percent above 2018

levels by 2030, prioritizing investments in disadvantaged and low-income communities. The plan also seeks to protect the existing tree canopy through policies and programs targeting ongoing maintenance and utilization of industry best management practices.

California's Wildfire and Forest Resilience Action Plan, prepared by the Forest Management Task Force and released in 2021 with the Governor's January budget proposal, establishes similar goals and priorities. The Urban Forestry Program's *2019-2024 Strategic Plan* commits to prioritizing underserved communities with low tree canopy, championing effective management, and establishing or enhancing statewide key performance measures for the health and management of urban forests, among other goals, objectives, and strategies.

Related Legislation

SB 45 (Portantino, 2021) would enact a new bond act to authorize \$5.51 billion in bond funds for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. This would include \$75 million for urban greening projects, including at least \$25 million to protect or augment California's urban forests. This bill is in the Senate Natural Resources and Water Committee.

AB 1413 (Cunningham, 2021) would make a non-substantive change to the California Urban Forestry Act of 1978. This bill is in the Assembly awaiting referral.

AB 1500 (Eduardo Garcia, 2021) would enact a new bond act to authorize \$6.7 billion in bonds for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs. This would include \$75 million to protect or augment California's urban forests, requiring projects to contribute to mitigating the urban heat island effect and extreme heat impacts. This bill is in the Assembly awaiting referral.

Previous legislation

SB 45 (Allen, 2020) would have enacted a new bond act to authorize \$5.51 billion in bonds for a wildfire prevention, safe drinking water, drought preparation, and flood protection program. This would have included \$75 million for urban greening projects, including at least \$25 million to protect or augment California's urban forests. This bill was held in the Assembly without a hearing.

SB 1329 (Wilk, 2020)/AB 296 (Cooley, 2019) would have allowed an individual to designate on their tax return that a specified amount in excess of their personal income tax liability be transferred to a specified account for the Climate Innovation Grant Program, a new program proposed by the bill. The Senate version was not heard in the Senate due to the shortened 2020 Legislative Calendar. The Governor vetoed the Assembly version bill, stating:

"I am supportive of the important objective of this legislation to spur technological innovation to mitigate climate change. However, this bill creates a redundant, and potentially conflicting, grant program that overlaps with several existing programs at multiple agencies including the Strategic Growth Council. At this juncture, we should maximize resources with our existing programs rather than create redundancies."

AB 352 (Eduardo Garcia, 2019) would have enacted a new bond act to authorize \$3.92 billion in bonds for a wildlife prevention, safe drinking water, drought preparation, and flood protection program. This would have included \$65 million for urban greening projects, including at least \$25 million to protect or augment California's urban forests. This bill was not heard in the Senate Environmental Quality Committee at the request of the author.

AB 2441 (Luz Rivas, 2020) would have expanded the list of objectives state agencies are directed to work to maximize, where applicable and feasible, to included urban forestry. The bill also would have established the Extreme Heat and Community Resilience Program. This bill was never heard in the first policy committee in the Assembly.

AB 2812 (Eduardo Garcia, 2020) would have, after July 1, 2021, directed state agencies administering GGRF grant programs that involve urban forestry and urban greening programs, among others, to develop at least three categories for applications based on the population and density of where the proposed project is to be located. This bill was never heard in the first policy committee in the Assembly.

SUGGESTED AMENDMENTS

4799.12.1. (a) Moneys appropriated from the California Community and Neighborhood Tree Voluntary Tax Contribution Fund, established pursuant to Section 18735 of the Revenue and Taxation Code, to the department shall be used to fund grants authorized under Section 4799.12. A minimum of 25% of the funds shall be used for the needs specified in subdivisions (a), (b), (c), (e), (h), and (k) in Section 4799.12. **in low income and disadvantaged communities.**

SUPPORT

Eliseo Gamino, Trustee, Firebaugh-Las Deltas School District
 Manuel Thomas Faria III, Mayor, City of Los Banos
 Robert L. Poythress, Member, Madera County Board of Supervisors
 Bay Area Urban Forest Ecosystem Council
 Britton Fund
 California Releaf
 California Urban Forests Council
 City of Firebaugh
 City of Huron
 City of King
 City of Salinas
 City of Soledad
 Davey Resource Group, Inc.
 Davey Tree Expert Company
 Inland Urban Forest Council
 International Society of Arboriculture, Western Chapter
 Los Angeles Urban Cooling Collaborative
 North Salina March for Our Lives
 North Salinas Interact Club
 North Salinas JSA-JSC
 Sacramento Urban Forest Council

San Diego Regional Urban Forests Council
Street Tree Seminar
Tree Fresno
West Coast Arborists

OPPOSITION

None received.

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