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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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**AB 1156 (Wicks) - Solar-use easements: suspension of Williamson Act contracts: terms of easement: termination**

**Version:** July 22, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** L. GOV. 5 - 0, E.Q. 5 - 0

**Mandate:** No

**Consultant:** Mark McKenzie

**Bill Summary:** AB 1156 would make numerous changes to the laws providing for the conversion of lands under a Williamson Act or Farmland Security Zone contract to a solar-use easement (SUE) that restricts the use of land to photovoltaic facilities. Specifically, the bill would eliminate contract termination and rescission fees, expand the types of lands eligible for conversion to an SUE to include those with insufficient surface or groundwater availability, and expand the definition of an SUE to include energy storage and other appurtenant facilities, among other changes.

### **Fiscal Impact:**

- The Department of Conservation (DOC) would incur one-time costs, potentially over \$100,000, to develop and adopt revised program regulations to update current fees charged to landowners and to account for other changes to the process for considering proposals for converting contracted agricultural lands to SUEs. (Soil Conservation Fund)
- DOC indicates that ongoing administrative costs are unknown and would depend upon the number of applications received annually. Initially, DOC estimates it would contract out for services, at a cost of approximately \$100,000 annually, to review applications in order to meet timelines specified in the bill. To the extent there is ongoing landowner interest, DOC estimates that it could require the addition of 1.0 PY of new staff, at a cost of \$172,000 in the first year and \$158,000 ongoing, if it receives 10 applications annually. Staff notes that DOC is authorized to charge a fee on landowners to recover its administrative costs to coordinate with landowners and specified entities, and review applications to determine eligibility for conversion of an agricultural land conservation contract into an SUE. (Soil Conservation Fund)
- Unknown, potentially significant loss of state revenues (General Fund and Soil Conservation Fund) as a result of the bill deferring and preventing the collection of contract cancellation fees, and by repealing existing provisions that require payment of rescission fees when contracted agricultural land enters into an SUE. Staff notes that, under current law, the first \$5 million in Williamson Act cancellation fee revenue is deposited in the Soil Conservation Fund to pay for DOC's administrative costs, and amounts exceeding the initial \$5 million in a given year are deposited into the General Fund.
- Unknown property tax revenue increases as a result of the reassessment of agricultural lands that enter into an SUE. Staff notes that any increases in local property tax revenues that accrue to K-14 school could reduce state General Fund

expenditures pursuant to Proposition 98 minimum funding guarantees. See staff comments.

**Background:** Existing law, the California Land Conservation Act of 1965 (Williamson Act), authorizes landowners to sign ten-year contracts with counties, agreeing to restrict a property's use to agriculture, open space, or compatible uses. In 1998, the Legislature created an option of establishing a Farmland Security Zone which offers landowners a greater property tax reduction for a minimum 20 year contract. In return for the agreement to keep the land out of development, the landowner benefits from reduced property tax assessments based on the property's use rather than its market value.

Williamson Act and Farmland Security Zone contracts renew automatically each year, unless the contract is ended through nonrenewal, cancellation, or termination. Under nonrenewal, either the landowner or the county may provide notice to not renew the contract. When the term of the contract runs out after nine years or 19 years, the property is reassessed at its market value and land restrictions end. County officials can cancel a Williamson Act contract at a landowner's request if the board of supervisors finds that cancellation is consistent with the Act's purpose or in the public interest. A contract ends immediately upon cancellation and payment of cancellation fees by the landowner to the state in an amount equal to 12.5% of the property's unrestricted value (25% in the case of a Farmland Security Zone). A contract can be rescinded when a board of supervisors cancels a Williamson Act contract and the landowner simultaneously enters into an agricultural conservation easement on other land of an equal or greater value.

Existing law, as enacted by SB 618 (Wolk), Chap. 596/2011, also allows for a rescission, upon mutual agreement of the landowner and local agency, if the land is marginally productive or physically impaired and the landowner enters into a solar-use easement that restricts the use of land to photovoltaic solar facilities, as specified. This type of rescission requires a payment of a fee of 10% of the fair market value of the land, half of which goes to the county and half of which goes to the state General Fund. The DOC, in consultation with the Department of Food and Agriculture, must review and approve all solar-use easements.

In 2018, SB 100 (De León), Chap. 312/20018, was enacted to require that retail electricity sales in the state be supplied by certain percentages of renewable and zero-carbon sources. Specifically, existing law requires the state to supply 60% of sales from renewable and zero-carbon sources by 2030, 90% by 2035, 95% by 2040, and 100% by 2045.

Existing law, the Sustainable Groundwater Management Act (SGMA) requires local agencies to form groundwater sustainability agencies (GSAs) for high- and medium-priority water basins, as specified. GSAs must develop and implement groundwater sustainability plans to avoid undesirable results, and mitigate water overdraft within 20 years. The requirements of SGMA have strained the viability of large sections of agricultural land in the state, and compliance will require the removal of some agricultural lands from production to achieve groundwater sustainability.

**Proposed Law:** AB 1156 would make numerous changes to the laws providing for the conversion of lands under specified agricultural land conservation contracts to an SUE that restricts the use of land to photovoltaic facilities. Among other things, this bill would do the following:

- Expand the permissible land uses of SUEs to include solar energy storage and appurtenant clean energy facilities, in addition to photovoltaic solar facilities, and specify that any existing Williamson Act contract is inoperative, rather than rescinded, during the term of an SUE.
- Revise the process for DOC to determine whether land under an agricultural land conservation contract is eligible for placement into an SUE, as follows:
  - Require DOC to consult with any applicable groundwater sustainability agency or services, in addition to other specified entities.
  - Require a landowner, rather than a city or county, to directly request that DOC make a determination of eligibility for conversion to an SUE.
  - Provide for a suspension, rather than rescission, of a Williamson Act contract if lands are converted to an SUE.
  - Expand the eligibility criteria to include lands that has or will have insufficient surface water or groundwater available that results in significantly reduced agricultural production for agricultural activities.
  - Specify the conditions that qualify as “insufficient surface or groundwater conditions” to include land located within a high priority groundwater basin with water deliveries that have been reduced or curtailed for multiple years, as specified.
  - Require DOC to review a landowner application for completeness within 30 days of receipt and identify any materials required to make the application complete, otherwise the application would be deemed complete.
  - Require DOC to make a determination of eligibility within 120 days following submission of a completed application, otherwise the application would be deemed approved.
- Require a landowner to notify any relevant workforce in writing of its intent to enter into an SUE at least 14 days in advance of a meeting at which a city or county decides whether to enter into an agreement.
- Change SUE deed requirements and decommissioning rules by eliminating mitigation measures on or beyond SUE land, removing the requirement for performance bond or security requirements for land restoration for term easements or self-renewing easements, and allowing appurtenant facilities on SUE, among other changes.
- Modify SUE enforcement and land use provisions by eliminating a private right of action if a city or county fails to seek injunctions for violations.
- Require the developer of a solar photovoltaic facility, as a condition of entering into an SUE, to enter into a community benefits agreement with a city or county that provides specified community benefits to the local community, including financial contributions, job creation and training programs, and community improvements or amenities, as specified.
- Narrow the circumstances under which a city or county may choose not to renew an annually self-renewing SUE to those in which the landowner has materially failed to comply with the terms and conditions of the SUE, the solar photovoltaic or appurtenant facilities have been operated in a manner that constitutes a continuing or repeated legal nuisance, or the solar facility's operating life has ended.

- Repeal provisions governing the termination or rescission of an SUE, including provisions requiring the payment of termination and rescission fees.
- Require the provisions of any Williamson Act contract affecting a parcel or parcels of land eligible and placed into an SUE to be inoperative for the SUE term, even if a notice of nonrenewal was served, as specified. This process would be in addition to other existing mechanisms under the Williamson Act, as specified.
- Exempt the entry into and recordation of an SUE from review under the California Environmental Quality Act (CEQA).

**Related Legislation:** AB 2528 (Arambula), which was held on the Assembly Appropriations Committee's Suspense File last year, included provisions that were similar in concept to this bill. The bill would have allowed a local governing body in specified counties to, upon a landowner's request, cancel certain land conservation contracts, with reduced cancellation fees, if the land subject to the contract has certain water supply constraints and if it will be used for specified renewable energy projects.

SB 618 (Wolk), Chap. 596/2011, authorized a city or county and a landowner to simultaneously rescind a Williamson Act contract on marginally productive or physically impaired lands and enter into a solar-use easement that restricts the use of land to photovoltaic solar facilities.

**Staff Comments:** As noted above, this bill would result in an unknown reduction in contract cancellation and rescission revenues, which are deposited into the Soil Conservation Fund for DOCs costs in administering the Williamson Act, and the General Fund, if cancellation and rescission revenues exceed \$5 million in a fiscal year. According to the DOC, Williamson Act cancellation fees have led to General Fund deposits in several recent fiscal years: \$3.7 million in 2018-19 and \$7.3 million in 2022-23 (information on the two most recent fiscal years were unavailable as of this analysis). To the extent this bill results in conversions of agricultural land conservation contracts to SUEs in a given year that would have otherwise been cancelled or rescinded pursuant to existing law, and to the extent the total resulting fee revenue would have exceeded \$5 million, this bill will result in a loss of General Fund revenue.

Existing law provides for an exclusion from the definition of new construction for active solar energy systems in the assessment of property for tax purposes. This property tax exclusion expires on January 1, 2027. When lands under an agricultural land conservation contract is converted to an SUE pursuant to this bill, the property would be subject to reassessment. The assessed value would revert to a modified fair market value, which may be impacted by the enforceable restriction to the use of the property due to the SUE, but would also include the assessed value of improvements related to the solar energy generation and storage facilities that are installed on the land, assuming the current property tax exclusion for those facilities is not extended. The magnitude of any property tax increase is unquantifiable, and would depend upon the number of SUEs entered into as a result of the bill, and the assessed values of those properties relative to the valuation when under an agricultural land conservation contracts. Any benefit accrued to schools as a result of an increase in property tax revenue would provide relief to the state General Fund.