
VETO

Bill No: SB 5
Author: Cabaldon (D)
Enrolled: 9/12/25
Vote: 27

SENATE LOCAL GOVERNMENT COMMITTEE: 5-2, 4/23/25
AYES: Durazo, Arreguín, Cabaldon, Laird, Wiener
NOES: Choi, Seyarto

SENATE FLOOR: 33-6, 9/9/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Grove, Jones, Seyarto, Strickland
NO VOTE RECORDED: Valladares

ASSEMBLY FLOOR: 67-2, 9/8/25 - See last page for vote

SUBJECT: Enhanced infrastructure financing districts and community revitalization and investment areas: allocation of taxes: agricultural land exclusion

SOURCE: Author

DIGEST: This bill prohibits enhanced infrastructure financing districts (EIFDs) and community revitalization and investment authorities (CRIAs) from including taxes levied upon parcels enrolled in a Williamson Act or farmland security zone contract.

ANALYSIS:

Existing law:

- 1) Authorizes local governments to create EIFDs and to use tax increment financing (TIF) to finance public capital facilities or other specified projects.
- 2) Authorizes a local government to establish a CRIA to use property tax increment revenues to finance a community revitalization plan within a community revitalization area.
- 3) Creates the Williamson Act, also known as the California Land Conservation Act of 1965, which authorizes cities and counties to enter into agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 10 years in exchange for lower assessed valuations for property tax purposes.
- 4) Creates Farmland Security Zones, which authorizes cities and counties to allow agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 20 years in exchange for lower-assessed valuations for property tax purposes. The lowered assessed value, under Farmland Security Zones, is greater than under the Williamson Act.
- 5) Provides three options for ending a Williamson Act contract:
 - a) Either the landowner or local officials gives “notice of nonrenewal,” which stops the automatic annual renewals and allows the contract to run down over the next 10 years.
 - b) Local officials can cancel a contract at the request of the landowner. To do so, local officials must make findings that cancellation is in the public interest and that cancellation is consistent with the purposes of the Williamson Act. The owner must pay a cancellation fee based on the “cancellation value” of the land.
 - c) Local officials cancel a Williamson Act contract, but the landowner simultaneously puts an agricultural conservation easement or open space easement on other land of equal or greater value.
- 6) Requires, generally, the county assessor to determine the cancellation valuation.

This bill:

- 1) Prohibits EIFDs and CRIAs from including taxes levied upon parcels enrolled in a Williamson Act or farmland security zone contract.

- 2) Provides that parcels subject to such a contract that has been canceled or nonrenewed cannot be included until the next equalized assessment roll made after cancellation or nonrenewal, or rezoning of that parcel.

Comments

Purpose of this bill. According to the author, “SB 5 ensures that developers cannot exploit the artificially low value of protected agricultural land through the tax increment financing of Enhanced Infrastructure Financing Districts (EIFDs). The use of EIFDs on lands under Williamson Act contracts undermines the intent of both programs by allowing private development interests to benefit from artificially reduced property tax assessments granted to preserve agricultural land. This bill would exclude taxes levied upon a parcel of land enrolled in or subject to a Williamson Act contract or a farmland security zone contract from the allocation to an EIFD. SB 5 requires an EIFD’s first assessment to follow the termination of a Williamson Act contract, preventing the misuse of public funds for private objectives.”

Gaming the system. Williamson Act contracts help preserve land for agricultural use. In exchange for limiting the uses of their land, the property owner pays lower property taxes based on its value for its agricultural use, not its Proposition 13 assessed value. Because the Williamson Act sets assessed values artificially low, an EIFD that covers parcels under Williamson Act contracts that are nonrenewed or cancelled gets more than if they were not under contract to begin with. Both EIFD formation and Williamson Act contract cancellation require action by local government: the taxing entities must agree to form the EIFD and the city or county that administers the Williamson Act contracts must approve the cancellation. A sympathetic local government might cooperate with a developer to establish an EIFD so the all property tax increment would flow to the EIFD, instead of flowing back to local governments for core programs and services. While this provides a dedicated revenue source for infrastructure projects, it may take away much needed resources for higher citywide or countywide priorities. A large-scale development, like California Forever, could use this to their advantage to finance infrastructure with public dollars instead of paying for it themselves. SB 5 ensures that Williamson Act parcels remain for agricultural use, not private development.

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

SUPPORT: (Verified 10/9/25)

African American Farmers of California
American Farmland Trust

California Citrus Mutual
California Farm Bureau Federation
California Fresh Fruit Association
California Rice Commission
California Rural Legal Assistance Foundation
California Walnut Commission
Center for Biological Diversity
Community Alliance With Family Farmers
Community Alliance With Family Farmers (1146217)
County of Solano
Greenbelt Alliance
Leadership Council for Justice and Accountability
Natural Resources Defense Council
Nisei Farmers League
Public Interest Law Project
Public Advocates
Solano County Democratic Central Committee
Solano County Farm Bureau
Solano County Orderly Growth Committee
Solano Land Trust
Western Center on Law & Poverty

OPPOSITION: (Verified 10/9/25)

Building Owners and Managers Association
California Building Industry Association
California Business Properties Association
California Chamber of Commerce
Naiop California

GOVERNOR'S VETO MESSAGE:

To the Members of the California State Senate:

I am returning Senate Bill 5 without my signature.

This bill would prohibit enhanced infrastructure financing districts (EIFDs) from including taxes levied upon parcels enrolled in a Williamson Act or a farmland security zone contract from the allocation to an EIFD.

Under existing law, local jurisdictions have full authority to choose whether they wish to exclude Williamson Act lands from EIFD eligibility, or set conditions for their inclusion, without state intervention. As such, I am concerned that this bill inappropriately reduces the ability of local agencies to choose how and where to use the infrastructure development tools that are within their discretion.

For these reasons, I cannot sign this bill.

ASSEMBLY FLOOR: 67-2, 9/8/25

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, DeMaio, Elhawary, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Rivas

NOES: Dixon, Macedo

NO VOTE RECORDED: Alanis, Castillo, Chen, Ellis, Flora, Lackey, Nguyen, Sanchez, Ta, Tangipa, Zbur

Prepared by: Anton Favorini-Csorba / L. GOV. / (916) 651-4119
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