

CALIFORNIA LEGISLATURE—2025-2026 SIMULATION SESSION

SENATE BILL

NO 38

Introduced by Senator Megan Dahle

(Co-Sponsors: Christopher Cabaldon, Marie Alvarado-Gil, Catherine Blakespear, Rosilicie Ochoa Bogh)
(Co-Sponsors: Farm Bureau)

October 1st, 2025

An act to add the Agricultural Innovation Act of 2025 to the California Food and Agricultural Code, relating to grants for environmentally sustainable farming.

LEGISLATIVE COUNSEL'S DIGEST

SB 38, as introduced, Dahle. Agricultural Innovation Act

Existing law in the California Food and Agricultural Code, under the Cannella Environmental Farming Act of 1995, allows the Department of Food and Agriculture (CDFA) to fund technical assistance providers. This includes the University of California Cooperative Extension, which helps farmers apply for and implement certain climate-smart programs.

This bill would establish the Agricultural Innovation Grant Program within CDFA to provide direct grants to farmers and ranchers who seek to use innovations listed in the UC Agricultural Innovation Catalog. The University of California Agriculture and Natural Resources (UCANR) would maintain the catalog and receive funds to run demonstration projects and farmer outreach. Grants would be limited to \$20,000 per year per farm, focusing on small farms and socially disadvantaged farmers. The bill would require the Legislature to appropriate no less than \$5,000,000 annually to CDFA for the program, where at least \$1,250,000 of that fund shall be reserved for UCANR. The program is a two-year pilot program, and the sunset clause would end on January 1, 2028.

Vote: Majority **Appropriation:** yes **Fiscal Committee:** yes **Local Program:** no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the Agricultural Innovation Act of 2025.

SEC. 2. Definitions.

The following terms are defined to help understand the language of the bill more clearly:

(a) "Agricultural Innovation Catalog" means the annual catalog maintained and published by the University of California Agriculture and Natural Resources (UCANR), which contains validated technologies available to California farmers.

(b) "Socially disadvantaged farmer or rancher" shall have the same meaning as in Section 512 of the Food and Agricultural Code, as shown below.

(1) Section 512 of the Food and Agricultural Code states:

(A) "Socially disadvantaged farmer or rancher" means a farmer or rancher who is a member of a socially disadvantaged group.

(B) "Socially disadvantaged group" means a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. These groups include all of the following:

(i) African Americans.

(ii) Native Indians.

(iii) Alaskan Natives.

(iv) Hispanics.

(v) Asian Americans.

(vi) Native Hawaiians and Pacific Islanders.

SEC. 3. Establishment of the Agricultural Innovation Grant Program.

(a) The Department of Food and Agriculture shall establish the Agricultural Innovation Grant Program to provide financial resources to farmers who adopt innovations researched and validated by the University of California.

(b) The program shall operate under the following terms:

(1) Innovations that qualify are limited to practices or technologies listed in the UC Agricultural Innovation Catalog.

(2) On a first-come, first-serve basis, farmers in any area of California may apply for grants of up to \$20,000 per year, with a lifetime limit of \$60,000. At least 50 percent of available funds shall be reserved for smaller farms under 350 acres, and at least 25 percent of funds shall be reserved for socially disadvantaged farmers and ranchers. It is the intent of the Legislature that this program is purely voluntary and incentive-based.

(3) The California State Legislature shall appropriate no less than \$5,000,000 annually to the department.

(4) This program shall remain in effect until January 1, 2028, unless extended by a future amendment. The lifetime limit for grant money may also be adjusted depending on the success of the program by a future amendment.

SEC. 4. Appropriation.

(a) The amount of \$5,000,000 is appropriated from the General Fund to the Department of Food and Agriculture for the sole purpose of administering this program.

(b) The department shall allocate \$1,250,000 from appropriated funds each year to UCANR to:

(1) maintain and publish the Agricultural Innovation Catalog.

(2) conduct projects for validated innovations.

(3) provide technical assistance to grant recipients.

(c) The department shall use the remaining \$3,750,000 of appropriated funds for the purpose of grant money that farmers may apply for.

(1) Administrative costs of the department shall not exceed 5 percent of the remaining appropriated funds. The remaining funds shall go solely towards the grant money.

(d) If the Agricultural Innovation Grant Program is not reauthorized or funded within two fiscal years after the pilot ends, the Department of Food and Agriculture shall establish a ‘buy-back’ option.

(1) Farmers who received technologies or equipment through the program may sell them back to the state at fair market value if maintaining them causes financial hardship.

(2) To request a buy-back, farmers must provide documentation showing that the innovation led to unmanageable maintenance, operational, or compliance costs, or caused unexpected financial losses.

(A) The Department may consult with the University of California Agriculture and Natural Resources (UCANR) to verify technical claims and determine fair market value.

(3) Priority for buy-backs shall go to small farms under 350 acres and socially disadvantaged farmers and ranchers, as defined in Section 512 of the Food and Agricultural Code.

(4) Reacquired technologies may be reused for research, demonstration, or educational purposes through UCANR.