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SB-574 Agricultural preserves: Williamson Act. (2021-2022)

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Senate Bill No. 574

CHAPTER 644

An act to amend Sections 51207, 51237.5, 51245, 51246, 51280.1, 51283, 51283.4, 51283.5, 51284, 51284.1, 51291, 51294, 51294.1, 51295, and 51297 of, to amend and renumber Section 51203 of, and to repeal Section 51249 of, the Government Code, relating to local government.

[Approved by Governor October 07, 2021. Filed with Secretary of State October 07, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 574, Laird. Agricultural preserves: Williamson Act.

The California Land Conservation Act of 1965, otherwise known as the Williamson Act, authorizes a city or county to contract with a landowner to limit the use of agricultural land located in an agricultural preserve designated by the city or county, whereby the landowner agrees to continue using the property for that purpose, and the city or county agrees to value the land accordingly for purposes of property taxation, as specified. Existing law authorizes the cancellation of a Williamson Act contract under certain circumstances, as provided. Under the act, the board of supervisors or city council may grant tentative approval for a cancellation by petition of a landowner as to all or any part of land subject to a contract, as specified.

Prior to any action by the board or council giving tentative approval to the cancellation of any contract, the county assessor is required to determine the current fair market value of the land as though it were free of the contractual restriction, and requires the assessor to send the fair market value to the Department of Conservation, hereafter department, at the same time the assessor sends the value to the landowner. Existing law provides for a certificate of tentative cancellation upon tentative approval of a petition by a landowner accompanied by a proposal for a specified alternative use of the land, as provided. Existing law requires the board of supervisors or city council to provide notice to the department related to cancellation of the contract as well as in other specified instances.

This bill would revise and recast these provisions to no longer require the assessor to provide notice to the department and to require the board of supervisors or city council to provide notice to the department if the certificate of tentative cancellation is withdrawn, as specified. The bill would remove various other requirements to provide the department with notice, except as provided.

Under existing law, if either the landowner or the city or county desires in any year not to renew the contract, that party is required serve written notice of nonrenewal of the contract upon the other party in advance of the annual renewal date of the contract under specified timelines. The city or county is required to serve notice on the department, as specified, in the case of nonrenewal by a landowner or expiration of a contract.

This bill would, similarly, remove the requirement to serve notice on the department of nonrenewal by a landowner or expiration of a contract.

Existing law authorizes the department and the landowner to agree on a cancellation value of the land and requires the agreement to be transmitted to the county board of supervisors or the city council as specified.

This bill would remove that provision.

Existing law requires the department to submit a report to the Legislature on or before May 1 of every other year regarding the implementation of the act, and containing specified information required to be provided to the Legislature.

This bill would revise and recast that provision to require the department to, on or before May 1, post information regarding the implementation of the act on its internet website instead of providing a report to the Legislature, and would revise the specified information required.

Existing law requires each city or county in which an agricultural preserve is located to provide the department with a map of the location of all agricultural preserves.

This bill would revise and recast that provision to instead require the city or county to provide the department with GIS data files, by January 30 of each year, of all agricultural preserves and Williamson Act contracted land.

Existing law requires that a board of supervisors or city council provide the director of the department with a sample of a form contract when a new contract is used.

This bill would remove that provision.

Existing law authorizes the department to approve cancellation of a farmland security contract, as provided.

This bill would remove that provision.

Existing law authorizes enforcement of certain provisions of the act by mandamus proceedings by the local governing body or by the department.

The bill would remove the reference to the department.

Existing law provides that if the landowner wishes to pay a cancellation fee when a formal review has been requested, that the landowner pay the fee required in the current certificate of cancellation and provide security determined to be adequate by the department for 20% of the cancellation fee based on the assessor's valuation.

The bill would remove the reference to the department.

This bill would make other conforming changes.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 51203 of the Government Code is amended and renumbered to read:

51283.1 (a) The assessor shall determine the current fair market value of the land as if it were free of the contractual restriction pursuant to Section 51283. The Department of Conservation or the landowner, also referred to in this section as "parties," may provide information to assist the assessor to determine the value. Any information provided to the assessor shall be served on the other party, unless the information was provided at the request of the assessor, and would be confidential under law if required of an assessee.

(b) Within 45 days of receiving the assessor's notice pursuant to subdivision (a) of Section 51283 or Section 51283.4, if the Department of Conservation or the landowner believes that the current fair market valuation certified pursuant to subdivision (b) of Section 51283 or Section 51283.4 is not accurate, the department or the landowner may request formal review from the county assessor in the county considering the petition to cancel the contract. The department or the landowner shall submit to the assessor and the other party the reasons for believing the valuation is not accurate and the additional information the requesting party believes may substantiate a recalculation of the property valuation. The assessor may recover the assessor's reasonable costs of the formal review from the party requesting the review, and may provide an estimate of those costs to the requesting party. The recovery of these costs from the department may be deducted by the city or county from cancellation fees received pursuant to this chapter before transmittal to the Controller for deposit in the Soil Conservation Fund. The assessor may require a deposit from the landowner to cover the contingency that payment of a cancellation fee will not necessarily result from the completion of a formal review. This subdivision shall not be construed as a limitation on the authority provided in Section 51287 for cities or counties to recover their costs in the cancellation process, except that the assessor's costs of conducting a formal review shall not be borne by the nonrequesting party.

(1) If no request is made within 45 days of receiving notice by certified mail of the valuation, the assessor's valuation shall be used to calculate the fee.

(2) Upon receiving a request for formal review, the assessor shall formally review the valuation if, based on the determination of the assessor, the information may have a material effect on valuation of the property. The assessor shall notify the parties that the formal review is being undertaken and that information to aid the assessor's review shall be submitted within 30 days of the date of the notice to the parties. Any information submitted to the assessor shall be served on the other party who shall have 30 days to respond to that information to the assessor. If the response to the assessor contains new information, the party receiving that response shall have 20 days to respond to the assessor as to the new information. All submittals and responses to the assessor shall be served on the other party by personal service or an affidavit of mailing. The assessor shall avoid ex parte contacts during the formal review and shall report any such contacts to the department and the landowner at the same time the review is complete. The assessor shall complete the review no later than 120 days of receiving the request.

(3) At the conclusion of the formal review, the assessor shall either revise the cancellation valuation or determine that the original cancellation valuation is accurate. The assessor shall send the revised valuation or notice of the determination that the valuation is accurate to the department, the landowner, and the board or council considering the petition to cancel the contract. The assessor shall include a brief narrative of what consideration was given to the items of information and responses directly relating to the cancellation value submitted by the parties. The assessor shall give no consideration to a party's information or response that was not served on the other party. If the assessor denies a formal review, a brief narrative shall be provided to the parties indicating the basis for the denial, if requested.

(c) For purposes of this section, the valuation date of any revised valuation pursuant to formal review or following judicial challenge shall remain the date of the assessor's initial valuation, or the initial recomputation pursuant to Section 51283.4. For purposes of cancellation fee calculation in a tentative cancellation as provided in Section 51283, or in a recomputation for final cancellation as provided in Section 51283.4, a cancellation value shall be considered current for one year after its determination and certification by the assessor.

(d) This section represents the exclusive administrative procedure for appealing a cancellation valuation calculated pursuant to this section. The Department of Conservation shall represent the interests of the state in the administrative and judicial remedies for challenging the determination of a cancellation valuation or cancellation fee.

SEC. 2. Section 51207 of the Government Code is amended to read:

51207. (a) On or before May 1 of every other year, the Department of Conservation shall post on its internet website the following information:

(b) The information shall contain the number of acres of land under contract and the number of acres of land which were removed from contract through cancellation, eminent domain, or annexation.

(c) The information shall also contain the following specific information relating to cities and counties participating in the Williamson Act program:

(1) The number of tentative certificates of cancellation that were mailed to the Director of Conservation pursuant to Section 51284 which were approved by boards or councils during the prior two years or for which final certificates of cancellation are pending approval by boards or councils.

(2) The amount of cancellation fees payable to the county treasurer and which are required to be transmitted to the Controller pursuant to subdivision (d) of Section 51283 which have not been collected or which remain unpaid.

(3) The total number of acres covered by certificates of cancellation of contracts during the previous two years.

SEC. 3. Section 51237.5 of the Government Code is amended to read:

51237.5. On or before January 30 of each year, each city or county in which any agricultural preserve is located shall provide the Department with geographical information system (GIS) data files of all agricultural preserves and Williamson Act contracted land in existence at the end of the preceding year.

SEC. 4. Section 51245 of the Government Code is amended to read:

51245. If either the landowner or the city or county desires in any year not to renew the contract, that party shall serve written notice of nonrenewal of the contract upon the other party in advance of the annual renewal date of the contract. Unless such written notice is served by the landowner at least 90 days prior to the renewal date or by the city or county at least 60 days prior to the renewal date, the contract shall be considered renewed as provided in Section 51244 or Section 51244.5.

Upon receipt by the owner of a notice from the county or city of nonrenewal, the owner may make a written protest of the notice of nonrenewal. The county or city may, at any time prior to the renewal date, withdraw the notice of nonrenewal. Upon request by the owner, the board or council may authorize the owner to serve a notice of nonrenewal on a portion of the land under a contract.

No later than 20 days after a city or county receives a notice of nonrenewal from a landowner, serves a notice of nonrenewal upon a landowner, or withdraws a notice of nonrenewal, the clerk of the board or council, as the case may be, shall record with the county recorder a copy of the notice of nonrenewal or notice of withdrawal of nonrenewal.

SEC. 5. Section 51246 of the Government Code is amended to read:

51246. (a) If the county or city or the landowner serves notice of intent in any year not to renew the contract, the existing contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the contract, as the case may be.

(b) No city or county shall enter into a new contract or shall renew an existing contract on or after February 28, 1977, with respect to timberland zoned as timberland production. The city or county shall serve notice of its intent not to renew the contract as provided in this section.

(c) In order to meet the minimum acreage requirement of an agricultural preserve pursuant to Section 51230, land formerly within the agricultural preserve which is zoned as timberland production pursuant to Chapter 6.7 (commencing with Section 51100) may be taken into account.

(d) Notwithstanding any other provision of law, commencing with the lien date for the 1977–78 fiscal year all timberland within an existing contract which has been nonrenewed as mandated by this section shall be valued according to Section 423.5 of the Revenue and Taxation Code, succeeding to and including the lien date for the 1981–82 fiscal year. Commencing with the lien date for the 1982–83 fiscal year and on each lien date thereafter, such timberland shall be valued according to Section 434.5 of the Revenue and Taxation Code.

SEC. 6. Section 51249 of the Government Code is repealed.

SEC. 7. Section 51280.1 of the Government Code is amended to read:

51280.1. As used in this chapter, the finding of a board or council that “cancellation and alternative use will not result in discontinuous patterns of urban development” authorizes, but does not require, the board or council to cancel a contract if it finds that the alternative use will be rural in character and that the alternative use will result within the foreseeable future in a contiguous pattern of development within the relevant subregion. The board or council is not required to find that the alternative use will be immediately contiguous to like development. In rendering its finding, the board or council acts in its own discretion to evaluate the proposed alternative use according to existing and projected conditions within its local jurisdiction.

SEC. 8. Section 51283 of the Government Code is amended to read:

51283. (a) Prior to any action by the board or council giving tentative approval to the cancellation of any contract, the county assessor of the county in which the land is located shall determine the current fair market value of the land as though it were free of the contractual restriction. The assessor shall certify to the board or council the cancellation valuation of the land for the purpose of determining the cancellation fee. At the same time, the assessor shall send a notice to the landowner indicating the current fair market value of the land as though it were free of the contractual restriction and advise the parties, that upon their request, the assessor shall provide all information relevant to the valuation, excluding third-party information. If any information is confidential or otherwise protected from release, the department and the landowner shall hold it as confidential and return or destroy any protected information upon termination of all actions relating to valuation or cancellation of the contract on the property. The notice shall also advise the landowner and the department of the opportunity to request formal review from the assessor.

(b) Prior to giving tentative approval to the cancellation of any contract, the board or council shall determine and certify to the county auditor the amount of the cancellation fee that the landowner shall pay the county treasurer upon cancellation. That fee shall be an amount equal to $12\frac{1}{2}$ percent of the cancellation valuation of the property.

(c) If it finds that it is in the public interest to do so, the board or council may waive any payment or any portion of a payment by the landowner, or may extend the time for making the payment or a portion of the payment contingent upon the future use made of the land and its economic return to the landowner for a period of time not to exceed the unexpired period of the contract, had it not been canceled, if all of the following occur:

(1) The cancellation is caused by an involuntary transfer or change in the use which may be made of the land and the land is not immediately suitable, nor will be immediately used, for a purpose which produces a greater economic return to the owner.

(2) The board or council has determined that it is in the best interests of the program to conserve agricultural land use that the payment be either deferred or is not required.

(3) The waiver or extension of time is approved by the Secretary of the Natural Resources Agency. The secretary shall approve a waiver or extension of time if the secretary finds that the granting of the waiver or extension of time by the board or council is consistent with the policies of this chapter and that the board or council complied with this article. In evaluating a request for a waiver or extension of time, the secretary shall review the findings of the board or council, the evidence in the record of the board or council, and any other evidence the secretary may receive concerning the cancellation, waiver, or extension of time.

(d) The first five million dollars (\$5,000,000) of revenue paid to the Controller pursuant to subdivision (e) in the 2004–05 fiscal year, and any other amount as approved in the final Budget Act for each fiscal year thereafter, shall be deposited in the Soil Conservation Fund, which is continued in existence. The money in the fund is available, when appropriated by the Legislature, for the support of all of the following:

(1) The cost of the farmlands mapping and monitoring program of the Department of Conservation pursuant to Section 65570.

(2) The soil conservation program identified in Section 614 of the Public Resources Code.

(3) Program support costs of this chapter as administered by the Department of Conservation.

(4) Program support costs incurred by the Department of Conservation in administering the open-space subvention program (Chapter 3 (commencing with Section 16140) of Part 1 of Division 4 of Title 2).

(5) The costs to the Department of Conservation for administering Section 51250.

(6) When available, after funding the duties of the Department of Conservation pursuant to paragraphs (1) through (5), inclusive, program support costs incurred by the department in carrying out the duties of the department pursuant to Sections 65565 and 66565.1.

(e) When cancellation fees required by this section are collected, they shall be transmitted by the county treasurer to the Controller and deposited in the General Fund, except as provided in subdivision (d) of this section and subdivision (b) of Section 51283.1. The funds collected by the county treasurer with respect to each cancellation of a contract shall be transmitted to the Controller within 30 days of the execution of a certificate of cancellation of contract by the board or council, as specified in subdivision (b) of Section 51283.4.

(f) It is the intent of the Legislature that fees paid to cancel a contract do not constitute taxes but are payments that, when made, provide a private benefit that tends to increase the value of the property.

SEC. 9. Section 51283.4 of the Government Code is amended to read:

51283.4. (a) Upon tentative approval of a petition accompanied by a proposal for a specified alternative use of the land, the clerk of the board or council shall record in the office of the county recorder of the county in which is located the land as to which the contract is applicable a certificate of tentative cancellation, which shall set forth the name of the landowner requesting the cancellation, the fact that a certificate of cancellation of contract will be issued and recorded at the time that specified conditions and contingencies are satisfied, a description of the conditions and contingencies which must be satisfied, and a legal description of the property. Conditions to be satisfied shall include payment in full of the amount of the fee computed under the provisions of Section 51283, together with a statement that unless the fee is paid, or a certificate of cancellation of contract is issued within one year from the date of the valuation certified by the assessor the fee shall be recomputed as of the date of notice described in subdivision (b) or the date the landowner requests a recomputation. A landowner may request a recomputation when the landowner believes the landowner will be able to satisfy the conditions and contingencies of the certificate of cancellation within 180 days. The board or council shall request the assessor to recompute the cancellation valuation. The assessor shall recompute the valuation, certify it to the board or council, and provide notice to the Department of Conservation and landowner as provided in subdivision (a) of Section 51283, and the board or council shall certify the fee to the county auditor. Any provisions related to the waiver of the fee or portion thereof shall be treated in the manner provided for in the certificate of tentative cancellation. Contingencies to be satisfied shall include a requirement that the landowner obtain all permits necessary to commence the project. The board or council may, at the request of the landowner, amend a tentatively approved specified alternative use if it finds that the amendment is consistent with the findings made pursuant to subdivision (a) of Section 51282.

(b) The landowner shall notify the board or council when the landowner has satisfied the conditions and contingencies enumerated in the certificate of tentative cancellation. Within 30 days of receipt of the notice, and upon a determination that the

conditions and contingencies have been satisfied, the board or council shall execute a certificate of cancellation of contract, cause the certificate to be recorded, and send a copy to the Director of Conservation.

(c) If the landowner has been unable to satisfy the conditions and contingencies enumerated in the certificate of tentative cancellation, the landowner shall notify the board or council of the particular conditions or contingencies the landowner is unable to satisfy. Within 30 days of receipt of the notice, and upon a determination that the landowner is unable to satisfy the conditions and contingencies listed, the board or council shall execute a certificate of withdrawal of tentative approval of a cancellation of contract, cause the same to be recorded, and send a copy to the Director of Conservation. However, the landowner shall not be entitled to the refund of any cancellation fee paid.

SEC. 10. Section 51283.5 of the Government Code is amended to read:

51283.5. (a) The Legislature finds and declares that cancellation fees should be calculated in a timely manner and disputes over cancellation fees should be resolved before a city or county approves a tentative cancellation. However, the city or county may approve a tentative cancellation notwithstanding an assessor's formal review or judicial challenge to the cancellation value or fee.

(b) If the valuation changes after the approval of a tentative cancellation, the certificate of tentative cancellation shall be amended to reflect the correct valuation and cancellation fee.

(c) If the landowner wishes to pay a cancellation fee when a formal review has been requested, the landowner may pay the fee required in the current certificate of cancellation and provide security for 20 percent of the cancellation fee based on the assessor's valuation. The board or council shall hold the security and release it immediately upon full payment of the cancellation fee determined pursuant to Section 51283.1.

(d) The city or county may approve a final cancellation notwithstanding a pending formal review or judicial challenge to the cancellation valuation or fee. The certificate of final cancellation shall include the following statements:

- (1) That formal review or judicial challenge of the cancellation valuation or fee is pending.
- (2) That the fee may be adjusted, based upon the outcome of the review or challenge.
- (3) The identity of the party who will be responsible for paying any additional fee or will receive any refund.
- (4) The form and amount of security provided by the landowner or other responsible party.

(e) Upon resolution, the landowner or the party identified in the certificate shall either pay the balance owed to the county treasurer, or receive from the county treasurer or the controller any amount of overpayment, and shall also be entitled to the immediate release of any security.

(f) (1) If a party does not receive the notice required pursuant to Section 51283, 51283.1, 51283.4, or 51284, a judicial challenge to the cancellation valuation may be filed within three years of the latest of the applicable following events:

(A) The board or council certification of the fee pursuant to subdivision (b) of Section 51283, or for fees recomputed pursuant to Section 51283.4, the execution of a certificate of cancellation under that section.

(B) The date of the assessor's determination pursuant to paragraph (3) of subdivision (b) of Section 51283.1.

(C) The service of notice to the Director of Conservation of the board or council's recorded certificate of final cancellation.

(2) If a party did receive the required notice pursuant to Section 51283.1, 51283.4, or 51284, a judicial challenge to the cancellation valuation may be filed only after the party has exhausted the administrative remedies through the formal review process specified in Section 51283.1 and only within 180 days of the latest of the applicable following events:

(A) The board or council certification of the fee pursuant to subdivision (b) of Section 51283 or for fees recomputed pursuant to Section 51283.4, the execution of a certificate of cancellation under that section.

(B) The date of the assessor's determination pursuant to paragraph (3) of subdivision (b) of Section 51283.1.

(C) The service of notice to the Director of Conservation or the board or council's recorded certificate of final cancellation.

SEC. 11. Section 51284 of the Government Code is amended to read:

51284. No contract may be canceled until after the city or county has given notice of, and has held, a public hearing on the matter. Notice of the hearing shall be published pursuant to Section 6061 and shall be mailed to every owner of land under contract, any portion of which is situated within one mile of the exterior boundary of the land upon which the contract is proposed to be canceled. Within 30 days of the tentative cancellation of the contract, the city or county shall publish a notice of its decision,

including the date, time, and place of the public hearing, a general explanation of the decision, the findings made pursuant to Section 51282, and a general description, in text or by diagram, of the land under contract, as a display advertisement of at least one-eighth page in at least one newspaper of general circulation within the city or county. In addition, within 30 days of the tentative cancellation of the contract, the city or county shall deliver a copy of the published notice of the decision, as described above, to the Director of Conservation. The publication shall be for informational purposes only, and shall create no right, standing, or duty that would otherwise not exist with regard to the cancellation proceedings.

SEC. 12. Section 51284.1 of the Government Code is amended to read:

51284.1. When a landowner petitions a board or council for the tentative cancellation of a contract and when the board or council accepts the application as complete pursuant to Section 65943, the board or council shall send that information to the assessor that is necessary to describe the land subject to the proposed cancellation. The information shall include the name and address of the landowner petitioning the cancellation.

SEC. 13. Section 51291 of the Government Code is amended to read:

51291. (a) As used in this section and Sections 51292 and 51295, (1) "public agency" means any department or agency of the United States or the state, and any county, city, school district, or other local public district, agency, or entity, and (2) "person" means any person authorized to acquire property by eminent domain.

(b) Except as provided in Section 51291.5, whenever it appears that land within an agricultural preserve may be required by a public agency or person for a public use, the public agency or person shall advise the local governing body responsible for the administration of the preserve of its intention to consider the location of a public improvement within the preserve. In accordance with Section 51290, the notice shall include an explanation of the preliminary consideration of Section 51292, and give a general description, in text or by diagram, of the agricultural preserve land proposed for acquisition, and a copy of any applicable contract created under this chapter.

Within 30 days thereafter, the local governing body shall forward to the appropriate public agency or person concerned their comments with respect to the effect of the location of the public improvement on the land within the agricultural preserve and those comments shall be considered by the public agency or person. In preparing those comments, shall consider issues related to agricultural land use, including, but not limited to, matters related to the effects of the proposal on the conversion of adjacent or nearby agricultural land to nonagricultural uses shall be considered. The failure by any person or public agency, other than a state agency, to comply with the requirements of this section shall be admissible in evidence in any litigation for the acquisition of that land or involving the allocation of funds or the construction of the public improvement. This subdivision does not apply to the erection, construction, alteration, or maintenance of gas, electric, piped subterranean water or wastewater, or communication utility facilities within an agricultural preserve if that preserve was established after the submission of the location of those facilities to the city or county for review or approval.

(c) When land in an agricultural preserve is acquired by a public entity, the public entity shall notify the Director of Conservation within 10 working days. The notice shall include a general explanation of the decision and the findings made pursuant to Section 51292. The notice shall also include a general description, in text or by diagram, of the agricultural preserve land acquired.

(d) If, after giving the notice required under subdivisions (b) and (c) and before the project is completed within an agricultural preserve, the public agency or person proposes any significant change in the public improvement, it shall give notice of the changes to the local governing body responsible for the administration of the preserve. Within 30 days thereafter, the local governing body may forward to the public agency or person their comments with respect to the effect of the change to the public improvement on the land within the preserve and the compliance of the changed public improvements with this article. Those comments shall be considered by the public agency or person, if available within the time limits set by this subdivision.

(e) Any action or proceeding regarding notices or findings required by this article filed by the local governing body administering the agricultural preserve shall be governed by Section 51294.

SEC. 14. Section 51294 of the Government Code is amended to read:

51294. Section 51292 shall be enforceable only by mandamus proceedings by the local governing body administering the agricultural preserve. However, as applied to condemnors whose determination of necessity is not conclusive by statute, evidence as to the compliance of the condemnor with Section 51292 shall be admissible on motion of any of the parties in any action otherwise authorized to be brought by the landowner or in any action against the landowner.

SEC. 15. Section 51294.1 of the Government Code is amended to read:

51294.1. After 30 days have elapsed following its action, pursuant to subdivision (b) of Section 51291, advising the local governing body of a county or city administering an agricultural preserve of its intention to consider the location of a public improvement within such agricultural preserve, a public agency proposing to acquire land within an agricultural preserve for water transmission facilities which will extend into more than one county, may file the proposed route of the facilities with each county or city administering an agricultural preserve into which the facilities will extend and request each county or city to approve or agree to the location of the facilities or the acquisition of the land therefor. Upon approval or agreement, the provisions of Section 51292 shall not apply to the location of the proposed water transmission facility or the acquisition of land therefor in any county or city which has approved or agreed to the location or acquisition.

SEC. 16. Section 51295 of the Government Code is amended to read:

51295. When any action in eminent domain for the condemnation of the fee title of an entire parcel of land subject to a contract is filed, or when that land is acquired in lieu of eminent domain for a public improvement by a public agency or person, or whenever there is any such action or acquisition by the federal government or any person, instrumentality, or agency acting under the authority or power of the federal government, the contract shall be deemed null and void as to the land actually being condemned, or so acquired as of the date the action is filed, and for the purposes of establishing the value of the land, the contract shall be deemed never to have existed.

Upon the termination of the proceeding, the contract shall be null and void for all land actually taken or acquired.

When an action to condemn or acquire less than all of a parcel of land subject to a contract is commenced, the contract shall be deemed null and void as to the land actually condemned or acquired and shall be disregarded in the valuation process only as to the land actually being taken, unless the remaining land subject to contract will be adversely affected by the condemnation, in which case the value of that damage shall be computed without regard to the contract.

When an action to condemn or acquire an interest that is less than the fee title of an entire parcel or any portion thereof of land subject to a contract is commenced, the contract shall be deemed null and void as to that interest and, for the purpose of establishing the value of only that interest, shall be deemed never to have existed, unless the remaining interests in any of the land subject to the contract will be adversely affected, in which case the value of that damage shall be computed without regard to the contract.

The land actually taken shall be removed from the contract. Under no circumstances shall land be removed that is not actually taken for a public improvement, except that when only a portion of the land or less than a fee interest in the land is taken or acquired, the contract may be canceled with respect to the remaining portion or interest upon petition of either party and pursuant to the provisions of Article 5 (commencing with Section 51280).

For the purposes of this section, a finding by the board or council that no authorized use may be made of the land if the contract is continued on the remaining portion or interest in the land, may satisfy the requirements of subdivision (a) of Section 51282.

If, after acquisition, the acquiring public agency determines that it will not for any reason actually locate on that land or any part thereof, the public improvement for which the land was acquired, before returning the land to private ownership, the public agency shall give written notice to the local governing body responsible for the administration of the preserve, and the land shall be reenrolled in a new contract or encumbered by an enforceable deed restriction with terms at least as restrictive as those provided by this chapter. The duration of the restriction shall be determined by subtracting the length of time the land was held by the acquiring public agency or person from the number of years that remained on the original contract at the time of acquisition.

SEC. 17. Section 51297 of the Government Code is amended to read:

51297. A petition for cancellation of a farmland security zone contract created under this article may be filed only by the landowner with the city or county within which the contracted land is located. The city or county may grant a petition only in accordance with the procedures provided for in Article 5 (commencing with Section 51280) and only if all the following requirements are met:

(a) The city or county shall make both of the findings specified in paragraphs (1) and (2) of subdivision (a) of Section 51282, based on substantial evidence in the record. Subdivisions (b) to (e), inclusive, of Section 51282 shall apply to the findings made by the city or county.

(b) Prior to issuing tentative approval of the cancellation of the contract, the board or council shall determine and certify to the county auditor the amount of the cancellation fee that the landowner will be required to pay the county treasurer upon cancellation of the contract. The cancellation fee shall be in an amount that equals 25 percent of the cancellation valuation of the property.

(c) In its resolution tentatively approving cancellation of the contract, the city or county shall find all of the following:

(1) That no beneficial public purpose would be served by the continuation of the contract.

(2) That the uneconomic nature of the agricultural use is primarily attributable to circumstances beyond the control of the landowner and the local government.

(3) That the landowner has paid a cancellation fee equal to 25 percent of the cancellation valuation calculated in accordance with subdivision (b).

(d) A finding that no authorized use may be made of a remnant contract parcel of five acres or less left by public acquisition pursuant to Section 51295, may be substituted for the finding in subdivision (a).