

AMENDED IN SENATE AUGUST 31, 2012
AMENDED IN SENATE AUGUST 24, 2012
AMENDED IN SENATE AUGUST 21, 2012
AMENDED IN SENATE AUGUST 6, 2012
AMENDED IN SENATE JUNE 18, 2012
AMENDED IN ASSEMBLY MAY 1, 2012
AMENDED IN ASSEMBLY APRIL 17, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1532

Introduced by Assembly Member John A. Pérez

(Principal coauthor: Senator De León)

(Coauthors: Assembly Members Blumenfield, Bonilla, Bradford, Butler, Carter, Chesbro, Dickinson, Gordon, Roger Hernández, Hill, Bonnie Lowenthal, Monning, Skinner, Wieckowski, Williams, and Yamada)

January 23, 2012

An act to amend Section 12894 of the Government Code, and to add Part 8 (commencing with Section 38700) to Division 25.5 Chapter 4.1 (commencing with Section 39710) to Part 2 of Division 26 of the Health and Safety Code, relating to greenhouse gas emissions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1532, as amended, John A. Pérez. California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include use of market-based compliance mechanisms. ~~Existing~~

Existing law imposes limitations on any link, as defined, between the state and another state, province, or country for purposes of a market-based compliance mechanism by, among other things, prohibiting any state agency, including the state board, from taking any action to create such a link unless the state agency notifies the Governor, and the Governor issues specified written findings on the proposed link that consider the advice of the Attorney General.

This bill would prohibit the Governor's written findings on the proposed link from being subject to judicial review.

Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

This bill would require the moneys in the Greenhouse Gas Reduction Fund to be used for specified purposes. ~~The bill would require administering agencies, including the state board and any other state agency identified by the Legislature, to allocate those moneys to measures and programs that meet specified criteria. The bill would require the California Environmental Protection Agency to develop a methodology that identifies priority community areas for investment opportunities, as specified. The bill would require the state board~~ Department of Finance, in consultation with the state board and any other relevant state entity, to develop, as specified, ~~a 3-year investment plans plan that include~~ includes specified analysis and information; and to submit each the plan to the budget committees of each house of the Legislature, as specified, and to adopt each investment plan, as specified. The bill would require the Governor to submit a budget to the Legislature that includes specified appropriations consistent with each investment plan and would require the Legislature to consider these

~~appropriations when adopting the Budget Act. The bill would require the state board Department of Finance to submit a report no later than December March 1 of each year, 2014, and annually thereafter, to the appropriate committees of the Legislature containing specified information and to hold one public hearing on the report prior to its submission to the Legislature.~~

This bill would make its provisions contingent on the enactment of other legislation, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12894 of the Government Code is
2 amended to read:

3 12894. (a) (1) The Legislature finds and declares that the
4 establishment of nongovernmental entities, such as the Western
5 Climate Initiative, Incorporated, and linkages with other states and
6 countries by the State Air Resources Board or other state agencies
7 for the purposes of implementing Division 25.5 (commencing with
8 Section 38500) of the Health and Safety Code, should be done
9 transparently and should be independently reviewed by the
10 Attorney General for consistency with all applicable laws.

11 (2) The purpose of this section is to establish new oversight and
12 transparency over any such linkages and related activities
13 undertaken in relation to Division 25.5 (commencing with Section
14 38500) of the Health and Safety Code by the executive agencies
15 in order to ensure consistency with applicable laws.

16 (b) (1) The California membership of the board of directors of
17 the Western Climate Initiative, Incorporated, shall be modified as
18 follows:

19 (A) One appointee or his or her designee who shall serve as an
20 ex officio nonvoting member shall be appointed by the Senate
21 Committee on Rules.

22 (B) One appointee or his or her designee who shall serve as an
23 ex officio nonvoting member shall be appointed by the Speaker
24 of the Assembly.

25 (C) The Chairperson of the State Air Resources Board or her
26 or his designee.

1 (D) The Secretary for Environmental Protection or his or her
2 designee.

3 (2) Sections 11120 through 11132 do not apply to the Western
4 Climate Initiative, Incorporated, or to appointees specified in
5 subparagraphs (C) and (D) of paragraph (1) when performing their
6 duties under this section.

7 (c) The State Air Resources Board shall provide notice to the
8 Joint Legislative Budget Committee, consistent with that required
9 for Department of Finance augmentation or reduction
10 authorizations pursuant to subdivision (e) of Section 28.00 of the
11 annual Budget Act, of any funds over one hundred fifty thousand
12 dollars (\$150,000) provided to the Western Climate Initiative,
13 Incorporated, or its derivatives or subcontractors no later than 30
14 days prior to transfer or expenditure of these funds.

15 (d) The Chairperson of the State Air Resources Board and the
16 Secretary for Environmental Protection, as the California voting
17 representatives on the Western Climate Initiative, Incorporated,
18 shall report every six months to the Joint Legislative Budget
19 Committee on any actions proposed by the Western Climate
20 Initiative, Incorporated, that affect California state government or
21 entities located within the state.

22 (e) For purposes of this section, “link,” “linkage,” or “linking”
23 means an action taken by the State Air Resources Board or any
24 other state agency that will result in acceptance by the State of
25 California of compliance instruments issued by any other
26 governmental agency, including any state, province, or country,
27 for purposes of demonstrating compliance with the market-based
28 compliance mechanism established pursuant to Division 25.5
29 (commencing with Section 38500) of the Health and Safety Code
30 and specified in Sections 95801 to 96022, inclusive, of Title 17 of
31 the California Code of Regulations.

32 (f) A state agency, including, but not limited to, the State Air
33 Resources Board, shall not link a market-based compliance
34 mechanism established pursuant to Division 25.5 (commencing
35 with Section 38500) of the Health and Safety Code and specified
36 in Sections 95801 to 96022, inclusive, of Title 17 of the California
37 Code of Regulations with any other state, province, or country
38 unless the state agency notifies the Governor that the agency
39 intends to take such action and the Governor, acting in his or her
40 independent capacity, makes all of the following findings:

1 (1) The jurisdiction with which the state agency proposes to
 2 link has adopted program requirements for greenhouse gas
 3 reductions, including, but not limited to, requirements for offsets,
 4 that are equivalent to or stricter than those required by Division
 5 25.5 (commencing with Section 38500) of the Health and Safety
 6 Code.

7 (2) Under the proposed linkage, the State of California is able
 8 to enforce Division 25.5 (commencing with Section 38500) of the
 9 Health and Safety Code and related statutes, against any entity
 10 subject to regulation under those statutes, and against any entity
 11 located within the linking jurisdiction to the maximum extent
 12 permitted under the United States and California Constitutions.

13 (3) The proposed linkage provides for enforcement of applicable
 14 laws by the state agency or by the linking jurisdiction of program
 15 requirements that are equivalent to or stricter than those required
 16 by Division 25.5 (commencing with Section 38500) of the Health
 17 and Safety Code.

18 (4) The proposed linkage and any related participation of the
 19 State of California in Western Climate Initiative, Incorporated,
 20 shall not impose any significant liability on the state or any state
 21 agency for any failure associated with the linkage.

22 (g) The Governor shall issue findings pursuant to subdivision
 23 (f) within 45 days of receiving a notice from a state agency, and
 24 shall provide those findings to the Legislature. The findings shall
 25 consider the advice of the Attorney General. The findings to be
 26 submitted to the Legislature shall not be unreasonably withheld.
 27 *The findings shall not be subject to judicial review.*

28 ~~SECTION 1. Part 8 (commencing with Section 38700) is added~~
 29 ~~to Division 25.5 of the Health and Safety Code, to read:~~

30

31 ~~PART 8. GREENHOUSE GAS REDUCTION FUND~~

32

33 ~~38700. For purposes of this part, the following terms have the~~
 34 ~~following meanings:~~

35 ~~(a) "Fund"~~

36 ~~SEC. 2. Chapter 4.1 (commencing with Section 39710) is added~~
 37 ~~to Part 2 of Division 26 of the Health and Safety Code, to read:~~

1 CHAPTER 4.1. GREENHOUSE GAS REDUCTION FUND
2 INVESTMENT PLAN AND COMMUNITIES REVITALIZATION ACT

3
4 39710. For purposes of this part, *fund* means the Greenhouse
5 Gas Reduction Fund, created pursuant to Section 16428.8 of the
6 Government Code.

7 ~~(b) “Qualified recipients” means public agencies, businesses,~~
8 ~~nonprofit organizations, academic institutions, public-private~~
9 ~~partnerships, and workforce training partnerships.~~

10 38702.

11 39712. (a) (1) It is the intent of the Legislature that moneys
12 shall be appropriated from the fund only in a manner consistent
13 with the requirements of this part and Article 9.7 (commencing
14 with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title
15 2 of the Government Code.

16 (2) *The state shall not approve allocations for a measure or*
17 *program using moneys appropriated from the fund except after*
18 *determining, based on the available evidence, that the use of those*
19 *moneys furthers the regulatory purposes of Division 25.5*
20 *(commencing with Section 38500) and is consistent with law. If*
21 *any expenditure of moneys from the fund for any measure or*
22 *project is determined by a court to be inconsistent with law, the*
23 *allocations for the remaining measures or projects shall be*
24 *severable and shall not be affected.*

25 (b) Moneys shall be used to facilitate the achievement of ~~feasible~~
26 ~~and cost-effective~~ reductions of greenhouse gas emissions in this
27 state consistent with this division and, where applicable and to the
28 extent feasible, ~~do all of the following:~~

29 (1) Maximize economic, environmental, and public health
30 benefits to the state.

31 (2) Foster job creation by promoting in-state greenhouse gas
32 emissions reduction projects carried out by California workers and
33 businesses.

34 (3) Complement efforts to improve air quality.

35 (4) Direct investment toward the most disadvantaged
36 communities and households in the state.

37 (5) Provide opportunities for ~~small businesses, schools,~~
38 ~~affordable housing developers, water and wastewater agencies,~~
39 ~~local governments,~~ *public agencies, nonprofits,* and other

1 community institutions to participate in and benefit from statewide
2 efforts to reduce greenhouse gas emissions.

3 ~~(6) Mitigate-Lessen~~ the impacts and effects of climate change
4 on the state’s communities, economy, and environment.

5 (c) Moneys appropriated from the fund may be allocated,
6 consistent with subdivision (a), for the purpose of reducing
7 greenhouse gas emissions in this state through investments that
8 may include, but are not limited to, any of the following:

9 ~~(1) Investments in clean and efficient energy, including, but not~~
10 ~~limited to, any of the following:~~

11 ~~(A) Industrial and manufacturing facilities to reduce greenhouse~~
12 ~~gas emissions by investment in energy efficiency, energy storage,~~
13 ~~and clean and renewable energy projects.~~

14 ~~(B) Public universities, schools, water and wastewater agencies,~~
15 ~~local governments, and other public facilities and fleets and their~~
16 ~~energy suppliers to reduce greenhouse gas emissions by investment~~
17 ~~in energy and water use efficiency, energy storage, and clean and~~
18 ~~renewable energy and fuel projects.~~

19 ~~(C) Single-family and multifamily residential and commercial~~
20 ~~distributed generation and energy efficiency programs that serve~~
21 ~~to reduce greenhouse gas emissions, including, but not limited to,~~
22 ~~the federal Energy Efficiency and Conservation Block Grant~~
23 ~~Program, established pursuant to Section 542 of the federal Energy~~
24 ~~Independence and Security Act of 2007 (42 U.S.C. Sec. 17152),~~
25 ~~the program established pursuant to Section 25943 of the Public~~
26 ~~Resources Code, and the Weatherization Assistance Program (42~~
27 ~~U.S.C. Sec. 6861 et seq.).~~

28 ~~(D) Increasing the in-state diversion of municipal solid waste~~
29 ~~from disposal through waste reduction, reuse, and low-carbon,~~
30 ~~recycled-content processing, manufacturing, and other market~~
31 ~~development activities consistent with the policy goal established~~
32 ~~pursuant to subdivision (a) of Section 41780.01 of the Public~~
33 ~~Resources Code and that directly reduce greenhouse gas emissions.~~

34 ~~(2) Investments in low-carbon transportation, sustainable~~
35 ~~development, and infrastructure, including, but not limited to, any~~
36 ~~of the following:~~

37 ~~(A) Public transportation and infrastructure development,~~
38 ~~including, but not limited to, transit, bicycle, and pedestrian~~
39 ~~facilities.~~

1 ~~(B) Programs for clean vehicles and the advancement of~~
 2 ~~transportation technologies, including, but not limited to, the~~
 3 ~~Alternative and Renewable Fuel and Vehicle Technology Program~~
 4 ~~(Article 2 (commencing with Section 44272) of Chapter 8.9 of~~
 5 ~~Part 5 of Division 26) and the Air Quality Improvement Program~~
 6 ~~(Article 3 (commencing with Section 44274) of Chapter 8.9 of~~
 7 ~~Part 5 of Division 26).~~

8 ~~(C) Advanced transportation and fueling infrastructure.~~

9 ~~(D) Local and regional sustainable development efforts, such~~
 10 ~~as planning, development, financing, and implementation of~~
 11 ~~multielement transportation infrastructure and rural infrastructure~~
 12 ~~projects or other planning processes, including, but not limited to,~~
 13 ~~the updating of general plans or the creation of specific plans,~~
 14 ~~consistent with the implementation of Section 65080 of the~~
 15 ~~Government Code or other greenhouse gas emissions reduction~~
 16 ~~strategies in local and regional plans, including, but not limited~~
 17 ~~to, any of the following:~~

18 ~~(i) Transit-oriented residential development consistent with~~
 19 ~~paragraph (4) of subdivision (b).~~

20 ~~(ii) Transportation efficiency measures that expand transit~~
 21 ~~service and transportation systems within existing developed areas~~
 22 ~~to support infill development, and demand management strategies.~~

23 ~~(iii) Improved transportation options and land-use incentives,~~
 24 ~~including, but not limited to, municipal infrastructure to support~~
 25 ~~transit-oriented development and infill, multimodal connectivity,~~
 26 ~~including, but not limited to, crossings, transit infrastructure and~~
 27 ~~electrification, and other measures to assist in achieving the~~
 28 ~~implementation of Section 65080 of the Government Code.~~

29 ~~(E) Low-carbon goods movement and freight vehicle~~
 30 ~~technologies and infrastructure, including, but not limited to,~~
 31 ~~locomotives and heavy-duty fleets.~~

32 ~~(3) Investments in natural resource protection, including, but~~
 33 ~~not limited to, any of the following:~~

34 ~~(A) Natural resource management programs and projects,~~
 35 ~~including, but not limited to, watershed projects with cobenefits~~
 36 ~~of water quality, flood protection, and coastal and ocean protection.~~

37 ~~(B) Land conservation, habitat restoration, or other stewardship~~
 38 ~~activities, such as projects administered by state conservancies,~~
 39 ~~state and certified local conservation corps pursuant to Section~~

1 14315 of the Public Resources Code, and the Wildlife Conservation
2 Board:

3 ~~(C) Development and implementation of sustainable agriculture,~~
4 ~~forestry, urban greening, preservation, and open space programs.~~

5 *(1) Funding to reduce greenhouse gas emissions through energy*
6 *efficiency, clean and renewable energy generation, distributed*
7 *renewable energy generation, transmission and storage, and other*
8 *related actions, including, but not limited to, at public universities,*
9 *state and local public buildings, and industrial and manufacturing*
10 *facilities.*

11 *(2) Funding to reduce greenhouse gas emissions through the*
12 *development of state-of-the-art systems to move goods and freight,*
13 *advanced technology vehicles and vehicle infrastructure, advanced*
14 *biofuels, and low-carbon and efficient public transportation.*

15 *(3) Funding to reduce greenhouse gas emissions associated*
16 *with water use and supply, land and natural resource conservation*
17 *and management, forestry, and sustainable agriculture.*

18 *(4) Funding to reduce greenhouse gas emissions through*
19 *strategic planning and development of sustainable infrastructure*
20 *projects, including, but not limited to, transportation and housing.*

21 *(5) Funding to reduce greenhouse gas emissions through*
22 *increased in-state diversion of municipal solid waste from disposal*
23 *through waste reduction, diversion, and reuse.*

24 ~~(4) Investments~~

25 *(6) Funding to reduce greenhouse gas emissions through*
26 *investments in community climate innovation programs that foster*
27 *the implementation of projects consistent with paragraphs (1), (2),*
28 *and (3). Eligible applicants shall be cities, counties, cities and*
29 *counties, charter cities, state conservancies, metropolitan planning*
30 *organizations, regional climate authorities, special districts, air*
31 *pollution control and air quality management districts, joint powers*
32 *authorities, regional collaboratives, and nonprofit organizations*
33 *coordinating with local governments implemented by local and*
34 *regional agencies, local and regional collaboratives, and nonprofit*
35 *organizations coordinating with local governments.*

36 ~~(5) Investments~~

37 *(7) Funding in research, development, and deployment of*
38 *innovative technologies, measures, and practices related to*
39 *programs and projects funded pursuant to this part.*

1 ~~38702.5. The California Environmental Protection Agency~~
2 ~~shall develop a methodology that identifies priority community~~
3 ~~areas for investment opportunities related to this part. These priority~~
4 ~~community investment areas shall be identified and updated no~~
5 ~~less than every two years, based on geographic, socioeconomic,~~
6 ~~and environmental hazard criteria, which may include, but not be~~
7 ~~limited to, any of the following:~~

8 ~~(a) Areas disproportionately adversely affected by within close~~
9 ~~proximity to sources that produce high criteria and toxic air~~
10 ~~pollution levels, environmental pollution, and other hazards that~~
11 ~~can lead to negative public health effects, exposure, and~~
12 ~~environmental degradation.~~

13 ~~(b) Areas that contain or produce material that, because of its~~
14 ~~quantity, concentration, or physical or chemical characteristics,~~
15 ~~pose a significant hazard to human health and safety.~~

16 ~~(c) Areas with concentrations of people that are of low income,~~
17 ~~high unemployment, low levels of homeownership, high rent~~
18 ~~burden, sensitive populations, and low levels of educational~~
19 ~~attainment.~~

20 ~~38703. (a) The state board and any other state agency identified~~
21 ~~by the Legislature are the administering agencies for moneys~~
22 ~~appropriated in accordance with this part.~~

23 ~~(b) (1) The administering agencies shall, upon appropriation~~
24 ~~by the Legislature, carry out a program to allocate moneys~~
25 ~~appropriated pursuant to this part through competitive grants,~~
26 ~~revolving loans, loan guarantees, loans, credit enhancements, or~~
27 ~~other appropriate funding measures to qualified recipients to reduce~~
28 ~~greenhouse gas emissions consistent with subdivisions (b) and (c)~~
29 ~~of Section 38702.~~

30 ~~(2) The state board shall develop guidelines for administering~~
31 ~~agencies for purposes of allocating moneys to projects that~~
32 ~~maximize benefits for priority community areas, as described in~~
33 ~~Section 38702.5.~~

34 ~~(3) Administering agencies shall have the authority to set aside~~
35 ~~a percentage of their appropriated moneys from the fund for~~
36 ~~projects that maximize benefits to priority community investment~~
37 ~~areas, as described in Section 38702.5.~~

38 ~~(4) In implementing this subdivision, administering agencies~~
39 ~~shall ensure the investments maximize the benefits described in~~
40 ~~subdivision (b) of Section 38702 for investments to priority~~

1 community investment areas, as described in Section 38702.5,
2 through activities that include, but are not limited to, any of the
3 following:

- 4 (A) Participatory program guideline development.
- 5 (B) Targeted solicitation outreach.
- 6 (C) Education and training efforts.
- 7 (D) Solicitation scoring criteria priority.
- 8 (e) Notwithstanding Chapter 3.5 (commencing with Section
9 11340) of Part 1 of Division 3 of Title 2 of the Government Code
10 and prior to the initial allocation of moneys in accordance with
11 this part, the state board shall, after one or more public hearings,
12 adopt guidelines to provide state agencies guidance as well as
13 guidance to potential funding applicants and the public regarding
14 the allocation and allowable uses of moneys. The guidelines shall,
15 at a minimum, do all of the following:
 - 16 (1) Establish minimum criteria for receiving funding and
17 additional criteria, including, but not limited to, those identified
18 in subdivision (b) of Section 38702, that the state agencies shall
19 take into account in establishing preferences for awarding moneys.
 - 20 (2) Provide a process to verify the qualifications of recipients.
 - 21 (3) Provide for the monitoring and, as deemed necessary, the
22 audit of expenditures.
 - 23 (4) Establish minimum criteria and provide for the tracking of
24 outcomes.

25 (d) Any state agency that allocates moneys pursuant to
26 subdivision (b) shall adopt guidelines that are consistent with the
27 guidelines adopted by the state board pursuant to subdivision (c).
28 38704.

29 39716. (a) (1) The state board *Department of Finance, on*
30 *behalf of the Governor, and in consultation with the state board*
31 *and any other relevant state entity, shall develop and adopt,*
32 *beginning April 1, 2013, three investment plans for the following*
33 *time periods: 2013 to 2014, 2015 to 2017, and 2018 to 2020. Each*
34 *and submit to the Legislature at the time of the department's*
35 *adjustments to the proposed 2013–14 fiscal year budget pursuant*
36 *to subdivision (e) of Section 13308 of the Government Code a*
37 *three-year investment plan. Commencing with the 2016–17 fiscal*
38 *year budget and every three years thereafter, with the release of*
39 *the Governor's budget proposal, the Department of Finance shall*
40 *include updates to the investment plan following the public process*

1 *described in subdivisions (b) and (c). The investment plan,*
 2 *consistent with the requirements of Section ~~38702~~ 39712, shall do*
 3 *all of the following:*

4 ~~(A)~~
 5 ~~(1) Identify the state’s near-term and long-term greenhouse gas~~
 6 ~~emissions reduction goals and targets by sector, including, but not~~
 7 ~~limited to, an analysis of all of the following:~~

8 ~~(i) Current and projected sector greenhouse gas emissions.~~

9 ~~(ii) Progress toward achievement of sector greenhouse gas~~
 10 ~~emissions reduction targets.~~

11 ~~(iii) The sectors’ greenhouse gas emissions reduction~~
 12 ~~achievements as compared to state greenhouse gas emissions~~
 13 ~~targets.~~

14 ~~(iv) Any additional greenhouse gas emissions reduction goals~~
 15 ~~for sectors that do not have targets.~~

16 ~~(B) List and describe the key measures and strategies that the~~
 17 ~~state is relying on to achieve greenhouse gas emissions reductions~~
 18 ~~goals and targets by sector. For each measure and strategy, the~~
 19 ~~state board shall include, at a minimum, all of the following:~~

20 ~~(i) A description of expected greenhouse gas emissions~~
 21 ~~reductions and other benefits anticipated from the measure’s or~~
 22 ~~strategy’s implementation.~~

23 ~~(ii) Current funding levels and sources for the measure or~~
 24 ~~strategy, as applicable.~~

25 ~~(iii) A projection of greenhouse gas emissions reductions and~~
 26 ~~other impacts based on continued progress at current~~
 27 ~~implementation schedules.~~

28 ~~(C)~~
 29 ~~(2) Analyze gaps, where applicable, in current state strategies~~
 30 ~~to meeting the state’s greenhouse gas emissions reduction goals~~
 31 ~~by sector, including, but not limited to, all of the following:~~

32 ~~(i) Funding.~~

33 ~~(ii) Policies.~~

34 ~~(iii) Compliance.~~

35 ~~(iv) Market preparedness.~~

36 ~~(v) State authority, local authority, or other relevant~~
 37 ~~considerations.~~

38 ~~(D)~~
 39 ~~(3) Identify priority programmatic investments of moneys~~
 40 ~~appropriated from the fund that will facilitate the achievement of~~

1 feasible and cost-effective greenhouse gas emissions reductions
2 toward achievement of greenhouse gas reduction goals and targets
3 by sector, consistent with subdivision (c) of Section ~~38702,~~
4 ~~including, but not limited to, all of the following:~~ 39712.

5 (i) ~~The expected greenhouse gas emissions reductions and other~~
6 ~~cobenefits of the investment.~~

7 (ii) ~~The administering agency that will implement the~~
8 ~~investment.~~

9 (iii) ~~Other relevant information the state board deems appropriate~~
10 ~~to explain and justify the investment pursuant to Section 38702.~~

11 (E) ~~Maximize benefits to priority community investment areas,~~
12 ~~as described in Section 38702.5, through activities that include,~~
13 ~~but are not limited to, any of the following:~~

14 (i) ~~Participatory program guideline development.~~

15 (ii) ~~Targeted solicitation outreach.~~

16 (iii) ~~Education and training efforts.~~

17 (iv) ~~Solicitation scoring criteria priority.~~

18 (v) ~~Fund set-asides.~~

19 (2) ~~The state board shall, prior to adopting each investment plan,~~
20 ~~consult with the Public Utilities Commission to ensure the~~
21 ~~investment plan is coordinated with, and does not conflict with or~~
22 ~~unduly overlap with, activities under the oversight or administration~~
23 ~~of the Public Utilities Commission undertaken pursuant to Part 5~~
24 ~~(commencing with Section 38570) or other activities under the~~
25 ~~oversight or administration of the Public Utilities Commission that~~
26 ~~facilitate greenhouse gas emissions reductions consistent with this~~
27 ~~division.~~

28 (b) ~~The Public Utilities Commission shall develop and send to~~
29 ~~the state board a report to be included in each investment plan~~
30 ~~adopted by the state board pursuant to subdivision (a). The Public~~
31 ~~Utilities Commission's report shall include its requirements~~
32 ~~regarding the use of any allowance auction moneys the~~
33 ~~investor-owned utilities might collect pursuant to a market-based~~
34 ~~compliance mechanism.~~

35 (c) ~~The state board shall receive input from an advisory body~~
36 ~~that shall provide information and oversight to the state board to~~
37 ~~assist in its adoption of each investment plan. The advisory body~~
38 ~~shall include the secretaries for the Natural Resources Agency, the~~
39 ~~California Environmental Protection Agency, the Department of~~

1 ~~Food and Agriculture, the Labor and Workforce Development~~
 2 ~~Agency, and the Business, Transportation and Housing Agency.~~

3 ~~(b) (1) The state board shall hold at least two public workshops~~
 4 ~~in different regions of the state and one public hearing prior to~~
 5 ~~adopting any the Department of Finance submitting the investment~~
 6 ~~plan. The advisory body shall participate in each public workshop~~
 7 ~~on an investment plan and provide testimony to the state board on~~
 8 ~~each investment plan.~~

9 ~~(d) The state board shall submit to the relevant committee of~~
 10 ~~each house of the Legislature with jurisdiction over the state~~
 11 ~~budget, 30 days prior to adoption, each investment plan proposed~~
 12 ~~to be adopted pursuant to subdivision (a) or any amendment to an~~
 13 ~~investment plan adopted pursuant to subdivision (a).~~

14 ~~(2) The state board shall, prior to the submission of each~~
 15 ~~investment plan, consult with the Public Utilities Commission to~~
 16 ~~ensure the investment plan is coordinated with, and does not~~
 17 ~~conflict with or unduly overlap with, activities under the oversight~~
 18 ~~or administration of the Public Utilities Commission undertaken~~
 19 ~~pursuant to Part 5 (commencing with Section 38570) of Division~~
 20 ~~25.5 or other activities under the oversight or administration of~~
 21 ~~the Public Utilities Commission that facilitate greenhouse gas~~
 22 ~~emissions reductions consistent with this division. The investment~~
 23 ~~plan shall include a description of the use of any moneys generated~~
 24 ~~by the sale of allowances received at no cost by the investor-owned~~
 25 ~~utilities pursuant to a market-based compliance mechanism.~~

26 ~~(c) The Climate Action Team, established under Executive Order~~
 27 ~~S-3-05, shall provide information to the Department of Finance~~
 28 ~~and the state board to assist in the development of each investment~~
 29 ~~plan. The Climate Action Team shall participate in each public~~
 30 ~~workshop held on an investment plan and provide testimony to the~~
 31 ~~state board on each investment plan. For purposes of this section,~~
 32 ~~the Secretary of Labor and Workforce Development shall assist~~
 33 ~~the Climate Action Team in its efforts.~~

34 ~~38705. (a) The state board shall annually provide to the~~
 35 ~~Governor, concurrent with the submission required pursuant to~~
 36 ~~Section 13320 of the Government Code, a plan consistent with the~~
 37 ~~relevant investment plan adopted pursuant to Section 38704,~~
 38 ~~detailing proposed appropriations from the fund.~~

39 ~~(b) (1) As part of the Governor's annual budget submission to~~
 40 ~~the Legislature, pursuant to subdivision (a) of Section 12 of Article~~

1 ~~IV of the California Constitution, the Governor shall include~~
2 ~~proposed appropriations consistent with the plan submitted~~
3 ~~pursuant to subdivision (a).~~

4 ~~(2) If the state board, in consultation with the California~~
5 ~~Environmental Protection Agency, finds in its report to the~~
6 ~~Legislature, pursuant to Section 38706, that the investments made~~
7 ~~in the prior fiscal year did not result in at least 25 percent of the~~
8 ~~available moneys from that fiscal year being allocated to projects~~
9 ~~that provide benefits described in subdivision (b) of Section 38702~~
10 ~~to priority community investment areas, as described in Section~~
11 ~~38702.5, and that at least 10 percent of all of the available moneys~~
12 ~~from that fiscal year were not invested in projects located in priority~~
13 ~~community investment areas, as described in Section 38702.5,~~
14 ~~then the Governor shall include as part of the Governor's annual~~
15 ~~budget submission to the Legislature, pursuant to subdivision (a)~~
16 ~~of Section 12 of Article IV of the California Constitution,~~
17 ~~allocations to administering agencies to make investments in~~
18 ~~eligible projects in priority community investment areas in an~~
19 ~~amount equal to the difference between the total investments in~~
20 ~~the prior fiscal year that benefited priority community investment~~
21 ~~areas and an amount equal to 25 percent of the total allocations~~
22 ~~from the prior fiscal year. This allocation shall not be considered~~
23 ~~part of the next fiscal year's priority community investment area~~
24 ~~considerations for purposes of this part and shall be separately~~
25 ~~identified in the Governor's annual budget submission to the~~
26 ~~Legislature to provide transparency to the investment.~~

27 ~~(e) The Legislature shall consider adopting the appropriations~~
28 ~~submitted by the Governor pursuant to subdivision (b) as part of~~
29 ~~the annual Budget Act.~~

30 *39718. (a) Moneys in the fund shall be appropriated through*
31 *the annual Budget Act consistent with the investment plan*
32 *developed and submitted pursuant to Section 39716.*

33 *(b) Upon appropriation, moneys in the Greenhouse Gas*
34 *Reduction Fund shall be available to the state board and to*
35 *administering agencies for administrative purposes in carrying*
36 *out this chapter.*

37 *(c) Any repayment of loans, including interest payments and all*
38 *interest earnings on or accruing to any money, resulting from*
39 *implementation of this chapter shall be deposited in the*
40 *Greenhouse Gas Reduction Fund for the purposes of this chapter.*

1 ~~38706.~~
 2 ~~39720.~~ (a) Notwithstanding Section 10231.5 of the
 3 Government Code, the ~~state board~~ *Department of Finance* shall
 4 submit a report on or before ~~December 1~~ of each year *March 1,*
 5 *2014, and annually thereafter,* to the appropriate committees of
 6 the Legislature on the status of projects funded pursuant to this
 7 part and their outcomes, ~~any changes the state board recommends~~
 8 ~~to the investment plan completed pursuant to Section 38705, and~~
 9 ~~a description of how agencies have Section 38702.5, including,~~
 10 ~~but not limited to, the percentage of funds allocated to date and in~~
 11 ~~the prior fiscal year that have been invested in projects in priority~~
 12 ~~community investment areas and that have provided benefits, as~~
 13 ~~defined in subdivision (b) of Section 38702, to priority community~~
 14 ~~investment areas. It is the intent of the Legislature that the~~
 15 ~~appropriations required for the implementation of these changes~~
 16 ~~to the three-year investment plan shall be included in the annual~~
 17 ~~Budget Act for the subsequent fiscal year.~~
 18 ~~(b) The state board shall hold one public hearing on the report~~
 19 ~~submitted pursuant to subdivision (a) prior to its submission to the~~
 20 ~~Legislature.~~
 21 ~~(c)~~
 22 (b) A report submitted pursuant to subdivision (a) shall be
 23 submitted in compliance with Section 9795 of the Government
 24 Code.
 25 *SEC. 3. This act shall not become operative unless Senate Bill*
 26 *535 of the 2011–12 Regular Session is enacted.*