

AMENDED IN ASSEMBLY APRIL 22, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1639**

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**Introduced by Assembly Member Grove**

February 11, 2014

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An act to ~~amend Section 39712 of, and to add Section 38597.1 to,~~ *39712.1* to the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 1639, as amended, Grove. California Global Warming Solutions Act of 2006: greenhouse gas emissions limit.

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.

The act also authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism, *commonly known as cap-and-trade revenues*, to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund.

*Existing law creates the High-Speed Rail Authority, with specified powers and duties relative to development and construction of a high-speed rail system.*

~~This bill would state the intent of the Legislature that moneys derived from emissions reductions measures be expended to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions in furtherance of achieving the statewide greenhouse gas emissions limit. The bill, as part of the 3-year investment plan, would require moneys appropriated from the Greenhouse Gas Reduction Fund be used to achieve the statewide greenhouse gas emissions limit provide that cap-and-trade revenues shall not be appropriated from the fund for purposes of the high-speed rail system, and would make legislative findings and declarations in that regard.~~

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. The Legislature finds and declares both of the*  
2     *following:*

3     *(a) The Legislative Analyst’s Office, in its March 27, 2014,*  
4     *report to the Legislature, concludes that using cap-and-trade*  
5     *auction revenues for high-speed rail may not maximize greenhouse*  
6     *gas (GHG) reductions, citing the following reasons in support of*  
7     *that conclusion:*

8     *(1) The high-speed rail project would not contribute significant*  
9     *GHG reductions before 2020, which is the statutory target for*  
10    *reaching 1990 emissions. This is because the high-speed rail system*  
11    *will not be operational until 2022.*

12    *(2) The construction of high-speed rail would actually generate*  
13    *GHG emissions of 30,000 metric tons over the next several years.*

14    *(b) It is therefore not appropriate to allocate cap-and-trade*  
15    *auction revenues from the Greenhouse Gas Reduction Fund to the*  
16    *high-speed rail system.*

17    *SEC. 2. Section 39712.1 is added to the Health and Safety*  
18    *Code, to read:*

19    *39712.1. Moneys shall not be appropriated from the fund for*  
20    *purposes of the high-speed rail system.*

21    ~~*SECTION 1. Section 38597.1 is added to the Health and Safety*~~  
22    ~~*Code, to read:*~~

1 38597.1. It is the intent of the Legislature that moneys derived  
2 from emissions reductions measures established pursuant to this  
3 division shall be expended to achieve the maximum technologically  
4 feasible and cost-effective reductions in greenhouse gas emissions  
5 in furtherance of achieving the statewide greenhouse gas emissions  
6 limit established pursuant to Section 38550.

7 SEC. 2. Section 39712 of the Health and Safety Code is  
8 amended to read:

9 39712. (a) (1) It is the intent of the Legislature that moneys  
10 shall be appropriated from the fund only in a manner consistent  
11 with the requirements of this chapter and Article 9.7 (commencing  
12 with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title  
13 2 of the Government Code.

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

23 (b) Moneys shall be used to facilitate the achievement of  
24 reductions of greenhouse gas emissions in this state consistent  
25 with Division 25.5 (commencing with Section 38500), to achieve  
26 the statewide greenhouse gas emissions limit established pursuant  
27 to Section 38550, and, where applicable and to the extent feasible:

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

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

33 (3) Complement efforts to improve air quality.

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

36 (5) Provide opportunities for businesses, public agencies,  
37 nonprofits, and other community institutions to participate in and  
38 benefit from statewide efforts to reduce greenhouse gas emissions.

39 (6) Lessen the impacts and effects of climate change on the  
40 state's communities, economy, and environment.

- 1 ~~(e) Moneys appropriated from the fund may be allocated,~~  
2 ~~consistent with subdivision (a), for the purpose of reducing~~  
3 ~~greenhouse gas emissions in this state through investments that~~  
4 ~~may include, but are not limited to, any of the following:~~
- 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 with~~  
16 ~~water use and supply, land and natural resource conservation and~~  
17 ~~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 ~~(6) Funding to reduce greenhouse gas emissions through~~  
25 ~~investments in programs implemented by local and regional~~  
26 ~~agencies, local and regional collaboratives, and nonprofit~~  
27 ~~organizations coordinating with local governments.~~
- 28 ~~(7) Funding research, development, and deployment of~~  
29 ~~innovative technologies, measures, and practices related to~~  
30 ~~programs and projects funded pursuant to this chapter.~~