

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JULY 3, 2013

AMENDED IN ASSEMBLY JUNE 18, 2013

AMENDED IN SENATE MAY 24, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 8, 2013

SENATE BILL

No. 605

**Introduced by Senator *Senators Lara and Pavley*
(Coauthor: Senator Steinberg)**

February 22, 2013

An act to amend Section 16428.8 of the Government Code, and to add Section 38561.5 to Chapter 4.2 (commencing with Section 39730) to Part 2 of Division 26 of the Health and Safety Code, relating to greenhouse gases, and making an appropriation therefor. *gases.*

LEGISLATIVE COUNSEL'S DIGEST

SB 605, as amended, Lara. ~~California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund and scoping plan. Short-lived climate pollutants.~~

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.

This bill would require the state board to complete a comprehensive strategy to reduce emissions of short-lived climate pollutants, as defined, in the state.

~~(1) The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases:~~

~~The act 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 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. Existing law authorizes the Controller to use the moneys in the fund for cash flow loans to the General Fund, as specified. 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.~~

~~This bill, during the 2013–14 fiscal year, would require the Controller to determine the amount of moneys collected and deposited in the fund by the state board. The bill would appropriate a specified amount of those moneys that are unencumbered to the state board from the fund to be expended consistent with the act on projects and programs that are located within and benefit disadvantaged communities, as specified, thereby making an appropriation. The bill would authorize moneys in the fund to be available, upon appropriation by the Legislature, to the state board and administering agencies for administrative purposes related to these provisions. The bill would prohibit moneys in the fund designated for those specified programs and projects to disadvantaged communities from being transferred or loaned to any other fund in the 2013–13 fiscal year.~~

~~(2) The California Global Warming Solutions Act of 2006 requires the state board to adopt a statewide greenhouse gas emissions limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions levels in 1990. The act requires the state board to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions. The act requires the scoping plan to be updated at least once every 5 years.~~

~~This bill would require the state board, when updating the scoping plan, to include specified criteria. The bill would require the state board to submit that specified criteria to the Joint Legislative Budget Committee, as specified. The bill would require the state board, if it has completed an update of the scoping plan prior to January 1, 2014, to further update the scoping plan to meet the criteria and provisions of this bill.~~

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

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

1 SECTION 1. Chapter 4.2 (commencing with Section 39730)
2 is added to Part 2 of Division 26 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 4.2. GLOBAL WARMING
6

7 39730. (a) Notwithstanding Sections 38550 and 38551, no
8 later than January 1, 2016, the state board shall complete a
9 comprehensive strategy to reduce emissions of short-lived climate
10 pollutants in the state. In developing the strategy, the state board
11 shall do all of the following:

12 (1) Complete an inventory of sources and emissions of
13 short-lived climate pollutants in the state based on available data.

14 (2) Identify research needs to address any data gaps.

15 (3) Identify existing and potential new control measures to
16 reduce emissions from any sector identified by the state board.

17 (4) Prioritize the development of new measures for short-lived
18 climate pollutants that offer cobenefits by improving water quality
19 or reducing other air pollutants that impact community health and
20 benefit disadvantaged communities, as identified pursuant to
21 Section 39711.

22 (5) Coordinate with other state agencies and districts to develop
23 and implement measures identified as part of the comprehensive
24 strategy.

25 (b) As part of the strategy developed pursuant to subdivision
26 (a), the state board shall consult with experts in academia,
27 industry, and the community on short-lived climate pollutants. The
28 topics shall include, but not be limited to, all of the following:

1 (1) Assessment of the current status of controls that directly or
2 indirectly reduce emissions of short-lived climate pollutants in the
3 state.

4 (2) Identification of opportunities and challenges for controlling
5 emissions.

6 (3) Recommendations to further reduce emissions.

7 (c) To provide a forum for public engagement, the state board
8 shall hold at least one public workshop during the development
9 of the strategy required pursuant to subdivision (a).

10 (d) For purposes of this section, “short-lived climate pollutant”
11 means an agent that has a relatively short lifetime in the
12 atmosphere, from a few days to a few decades, and a warming
13 influence on the climate that is more potent than that of carbon
14 dioxide.

15 (e) This section does not affect the existing authority of a state
16 agency to adopt and implement rules and regulations that result
17 in the reduction of greenhouse gas emissions or short-lived climate
18 pollutants to the extent authorized or required by existing law.

19 SECTION 1. ~~Section 16428.8 of the Government Code is~~
20 ~~amended to read:~~

21 ~~16428.8. (a) The Greenhouse Gas Reduction Fund, hereafter~~
22 ~~referred to in this article as the fund, is hereby created as a special~~
23 ~~fund in the State Treasury.~~

24 ~~(b) Except for fines and penalties, all moneys collected by the~~
25 ~~State Air Resources Board from the auction or sale of allowances,~~
26 ~~pursuant to a market-based compliance mechanism established~~
27 ~~pursuant to Division 25.5 (commencing with Section 38500) of~~
28 ~~the Health and Safety Code and specified in Sections 95800 to~~
29 ~~96022, inclusive, of Title 17 of the California Code of Regulations,~~
30 ~~shall be deposited in the fund and available for appropriation by~~
31 ~~the Legislature.~~

32 ~~(c) All moneys deposited in the fund shall be appropriated and~~
33 ~~shall be separately identified in the annual Budget Act. No moneys~~
34 ~~from the General Fund or any other fund shall be deposited in the~~
35 ~~fund.~~

36 ~~(d) Notwithstanding any other law, the Controller may use the~~
37 ~~moneys in the fund for cashflow loans to the General Fund as~~
38 ~~provided in Sections 16310 and 16381.~~

39 ~~(e) Any technical amendments made by the State Air Resources~~
40 ~~Board to the regulations established under Sections 95800 to 96022,~~

1 inclusive, of Title 17 of the California Code of Regulations to
2 conform that regulation to this article shall be exempt from the
3 provisions of the Administrative Procedure Act (Chapter 3.5
4 (commencing with Section 11340) of Part 1 of Division 3) and
5 from the review and approval of the Office of Administrative Law.

6 (f) (1) ~~During the 2013–14 fiscal year, the month following an~~
7 ~~auction or sale of allowances, pursuant to a market-based~~
8 ~~compliance mechanism established pursuant to Division 25.5~~
9 ~~(commencing with Section 38500) of the Health and Safety Code~~
10 ~~and specified in Sections 95800 to 96022, inclusive, of Title 17 of~~
11 ~~the California Code of Regulations, the Controller shall determine~~
12 ~~the amount of moneys collected and deposited in the fund by the~~
13 ~~State Air Resources Board.~~

14 (2) ~~Of the unencumbered moneys determined by the Controller~~
15 ~~to be in the fund, an amount not to exceed one hundred twenty-five~~
16 ~~million dollars (\$125,000,000) for the entire 2013–14 fiscal year~~
17 ~~is hereby appropriated to the State Air Resources Board.~~

18 (3) ~~Subject to paragraph (2) of subdivision (a) of Section 39712~~
19 ~~of the Health and Safety Code, of the moneys appropriated pursuant~~
20 ~~to paragraph (2), the State Air Resources Board shall expend those~~
21 ~~moneys on a periodic basis on projects and programs that are~~
22 ~~located within and benefit disadvantaged communities, as defined~~
23 ~~in Section 39711 of the Health and Safety Code. Through an~~
24 ~~expedited approval process, the State Air Resources Board shall~~
25 ~~expend those moneys as quickly as feasible but no later than June~~
26 ~~30, 2014, in accordance with existing programs within the~~
27 ~~three-year investment plan developed and adopted pursuant to~~
28 ~~Section 39716 of the Health and Safety Code for the 2013–14 to~~
29 ~~2015–16 fiscal years, inclusive.~~

30 (4) ~~Upon appropriation by the Legislature, moneys in the fund~~
31 ~~shall be available to the State Air Resources Board and to~~
32 ~~administering agencies for administrative purposes in carrying out~~
33 ~~this subdivision.~~

34 (5) ~~This subdivision shall not be construed to interfere with~~
35 ~~Chapter 20 of the Statutes of 2013.~~

36 (6) ~~Notwithstanding subdivision (d), unencumbered moneys in~~
37 ~~the fund designated for programs and projects pursuant to~~
38 ~~paragraph (3) shall not be transferred or loaned to any other fund~~
39 ~~in the 2013–14 fiscal year.~~

1 ~~SEC. 2.—~~ Section 38561.5 is added to the Health and Safety Code,
2 to read:
3 ~~38561.5.—~~ (a) ~~When updating the scoping plan pursuant to~~
4 ~~subdivision (h) of Section 38561, the state board shall do all of~~
5 ~~the following:~~
6 ~~(1) Prioritize and emphasize measures and actions resulting in~~
7 ~~greenhouse gas emissions reductions that do both of the following:~~
8 ~~(A) Create jobs within the state.~~
9 ~~(B) Reduce copollutants in regions of the state most impacted~~
10 ~~by toxic and criteria air pollutants.~~
11 ~~(2) Prioritize and emphasize current regulations and actions,~~
12 ~~and recommend additional measures and actions that can be~~
13 ~~implemented beginning no later than December 31, 2015, to~~
14 ~~achieve the maximum, technologically feasible, and cost-effective~~
15 ~~reductions in short-lived climate pollutants with high global~~
16 ~~warming potentials.~~
17 ~~(3) Limit the use of offsets to those offsets originating and~~
18 ~~achieved within the state.~~
19 ~~(4) Include a plan that achieves the greenhouse gas emissions~~
20 ~~goals established pursuant to Part 3 (commencing with Section~~
21 ~~38550) to be implemented in the event any regulatory measures~~
22 ~~implemented and adopted by the state board pursuant to this~~
23 ~~division are not projected to result in the greenhouse gas emissions~~
24 ~~reductions necessary to meet the greenhouse emissions goals~~
25 ~~established pursuant to Part 3 (commencing with Section 38550).~~
26 ~~(5) Consider the use of special funds authorized to be expended~~
27 ~~for the purposes of greenhouse gas emissions reductions, including,~~
28 ~~but not limited to, funds derived from market-based compliance~~
29 ~~mechanisms, the Electric Program Investment Charge Fund created~~
30 ~~by Section 25711 of the Public Resources Code, and the Alternative~~
31 ~~and Renewable Fuel and Vehicle Technology Fund created by~~
32 ~~Section 44273 for emissions reductions from sources within the~~
33 ~~state in furtherance of achieving and maintaining the greenhouse~~
34 ~~gas emissions goals established pursuant to Part 3 (commencing~~
35 ~~with Section 38550).~~
36 ~~(b) The state board shall submit the criteria required pursuant~~
37 ~~to subdivision (a) to the Joint Legislative Budget Committee. If,~~
38 ~~after 30 days of receipt, the Joint Legislative Budget Committee~~
39 ~~has not made a finding on the submitted elements, the updated~~
40 ~~scoping plan shall be deemed concurred.~~

1 ~~(e) If the scoping plan is updated prior to January 1, 2014,~~
2 ~~pursuant to subdivision (h) of Section 38561, the state board shall~~
3 ~~revise the scoping plan to incorporate the requirements detailed~~
4 ~~in subdivision (a) and shall comply with subdivision (b).~~

5 ~~(d) For purposes of this section, “offset” means a quantified~~
6 ~~unit of greenhouse gas emission that is reduced, avoided, or~~
7 ~~permanently sequestered in a sector not regulated by a~~
8 ~~market-based compliance mechanism adopted by the state board.~~