

AMENDED IN SENATE AUGUST 12, 2014

**SENATE BILL**

**No. 1079**

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**Introduced by Senator Vidak**

*(Coauthors: Senators Anderson, Berryhill, Fuller, Gaines, Huff, Knight, Morrell, Nielsen, Walters, and Wyland)*

*(Coauthors: Assembly Members Achadjian, Allen, Bigelow, Chávez, Conway, Donnelly, Grove, Hagman, Harkey, Jones, Linder, Logue, Maienschein, Melendez, Olsen, Patterson, Wagner, Waldron, and Wilk)*

February 19, 2014

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~~An act to amend Section 63049.2 of the Government Code, relating to tobacco settlement moneys. An act to add Section 38576 to the Health and Safety Code, relating to greenhouse gases, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1079, as amended, Vidak. ~~Tobacco assets: sales.~~ *California Global Warming Solutions Act of 2006: market-based compliance mechanisms: exemption.*

*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 the use of market-based compliance mechanisms. Existing state board regulations require specified entities*

to comply with a market-based compliance mechanism beginning January 1, 2013, and require additional specified entities to comply with that market-based compliance mechanism beginning January 1, 2015.

This bill instead would exempt categories of persons or entities that did not have a compliance obligation, as defined, under a market-based compliance mechanism beginning January 1, 2013, from being subject to that market-based compliance mechanism through December 31, 2020.

This bill would declare that it is to take effect immediately as an urgency statute.

~~Under existing law, states' attorneys general and various tobacco product manufacturers have entered into a Master Settlement Agreement, in settlement of various lawsuits, which provides for the allocation of money to the states and certain territories. The state has entered into a memorandum of understanding providing for the allocation of the state's share of moneys to be received under the Master Settlement Agreement between the state and various local governments of the state.~~

~~Existing law sets forth the duties of the California Infrastructure and Economic Development Bank and its board of directors generally in performing various financing transactions, including the authority to sell for, and on behalf of, the state all or any portion of the states' tobacco assets, as defined, to a special purpose trust, established under existing law as a not-for-profit corporation. Existing law authorizes the special purpose trust to issue bonds and exempts certain financing transactions from any bonds issued by the special purpose trust, as specified.~~

~~This bill would make a technical, nonsubstantive change to the above provision.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: ~~no~~<sup>yes</sup>. State-mandated local program: no.

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

- 1     SECTION 1. *The Legislature finds and declares all of the*
- 2     *following:*
- 3     (a) *The landmark California Global Warming Solutions Act of*
- 4     *2006 (Division 25.5 (commencing with Section 38500) of the*
- 5     *Health and Safety Code) set the goal of reducing greenhouse gas*
- 6     *emissions to 1990 levels by 2020. The act required the State Air*

1 *Resources Board to develop a scoping plan, including direct*  
2 *regulations, performance-based standards, and market-based*  
3 *mechanisms to achieve this level of greenhouse gas emissions*  
4 *reductions.*

5 *(b) The State Air Resources Board has implemented a*  
6 *market-based compliance mechanism under the California Global*  
7 *Warming Solutions Act of 2006 (Division 25.5 (commencing with*  
8 *Section 38500) of the Health and Safety Code).*

9 *(c) Beginning January 1, 2015, the State Air Resources Board’s*  
10 *market-based compliance mechanism will expand from covering*  
11 *large industrial facilities to include carbon-based transportation*  
12 *fuels used today by the state’s motorists as well as natural gas.*

13 *(d) Including transportation fuels in a market-based compliance*  
14 *mechanism will require suppliers of transportation fuels to*  
15 *purchase carbon allowances for gasoline and diesel sold and used*  
16 *in the state, therefore, adding a carbon price to the cost of*  
17 *transportation fuels.*

18 *(e) The State Air Resources Board’s regulatory analysis for the*  
19 *market-based compliance mechanism anticipates carbon allowance*  
20 *costs ranging from \$15 to \$75, inclusive, per ton between 2015*  
21 *and 2020.*

22 *(f) Many areas of the state continue to struggle from*  
23 *disproportionately high unemployment rates and the state’s*  
24 *hard-working low-income and middle-income families will likely*  
25 *suffer most from this additional cost burden.*

26 *SEC. 2. Section 38576 is added to the Health and Safety Code,*  
27 *to read:*

28 *38576. (a) For purposes of this section, “compliance*  
29 *obligation” means the quantity of greenhouse gas emissions for*  
30 *which a person or entity is required to submit greenhouse gas*  
31 *emissions allowances or offsets to the state board pursuant to a*  
32 *market-based compliance mechanism.*

33 *(b) If the state board adopts a market-based compliance*  
34 *mechanism pursuant to this part, only those categories of persons*  
35 *or entities that had a compliance obligation beginning January 1,*  
36 *2013, and until December 31, 2014, shall have a compliance*  
37 *obligation through December 31, 2020, consistent with subdivision*  
38 *(c) of Section 38562.*

39 *SEC. 3. This act is an urgency statute necessary for the*  
40 *immediate preservation of the public peace, health, or safety within*

1 *the meaning of Article IV of the Constitution and shall go into*  
2 *immediate effect. The facts constituting the necessity are:*

3 *To allow sufficient lead time to make necessary adjustments to*  
4 *the program before it takes effect January 1, 2015, it is necessary*  
5 *for this act to take effect immediately.*

6 ~~SECTION 1. Section 63049.2 of the Government Code is~~  
7 ~~amended to read:~~

8 ~~63049.2. Notwithstanding any other provision of this division,~~  
9 ~~Article 3 (commencing with Section 63040), Article 4~~  
10 ~~(commencing with Section 63042), and Article 5 (commencing~~  
11 ~~with Section 63043) do not apply to any bonds issued by the special~~  
12 ~~purpose trust established by this article. All matters authorized in~~  
13 ~~this article are in addition to the powers granted to the bank in this~~  
14 ~~division.~~

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17 CORRECTIONS:

18 Text—Page 1.

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