

**ASSEMBLY BILL**

**No. 23**

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**Introduced by Assembly Member Patterson**

**(Principal coauthor: Assembly Member Olsen)**

**(Coauthors: Assembly Members Achadjian, Travis Allen, Bigelow, Brough, Chang, Chávez, Beth Gaines, Gallagher, Grove, Harper, Jones, Kim, Linder, Maienschein, Mathis, Mayes, Melendez, Obernolte, Steinorth, Wagner, Waldron, and Wilk)**

**(Coauthors: Senators Berryhill, Huff, and Vidak)**

December 1, 2014

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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

AB 23, as introduced, Patterson. 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 would instead exempt those 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.

Vote:  $\frac{2}{3}$ . 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 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
- 7 Resources Board to develop a scoping plan, including direct
- 8 regulations, performance-based standards, and market-based
- 9 mechanisms to achieve this level of greenhouse gas emissions
- 10 reductions.
- 11 (b) The State Air Resources Board has implemented a
- 12 market-based compliance mechanism under the California Global
- 13 Warming Solutions Act of 2006 (Division 25.5 (commencing with
- 14 Section 38500) of the Health and Safety Code).
- 15 (c) Beginning January 1, 2015, the State Air Resources Board’s
- 16 market-based compliance mechanism expanded from covering
- 17 large industrial facilities to include carbon-based transportation
- 18 fuels used by the state’s motorists as well as natural gas.
- 19 (d) Including transportation fuels in a market-based compliance
- 20 mechanism requires suppliers of transportation fuels to purchase
- 21 carbon allowances for gasoline and diesel sold and used in the
- 22 state, therefore, adding a carbon price to the cost of transportation
- 23 fuels.
- 24 (e) The State Air Resources Board’s regulatory analysis for the
- 25 market-based compliance mechanism anticipates carbon allowance

1 costs ranging from \$15 to \$75, inclusive, per ton between 2015  
2 and 2020.

3 (f) Many areas of the state continue to struggle from  
4 disproportionately high unemployment rates and the state's  
5 hard-working low-income and middle-income families will likely  
6 suffer most from this additional cost burden.

7 SEC. 2. Section 38576 is added to the Health and Safety Code,  
8 to read:

9 38576. (a) For purposes of this section, "compliance  
10 obligation" means the quantity of greenhouse gas emissions for  
11 which a person or entity is required to submit greenhouse gas  
12 emissions allowances or offsets to the state board pursuant to a  
13 market-based compliance mechanism.

14 (b) If the state board adopts a market-based compliance  
15 mechanism pursuant to this part, only those categories of persons  
16 or entities that had a compliance obligation beginning January 1,  
17 2013, shall have a compliance obligation through December 31,  
18 2020, consistent with subdivision (c) of Section 38562.

19 (c) This section applies retroactively from January 1, 2015.

20 SEC. 3. This act is an urgency statute necessary for the  
21 immediate preservation of the public peace, health, or safety within  
22 the meaning of Article IV of the Constitution and shall go into  
23 immediate effect. The facts constituting the necessity are:

24 To minimize the negative economic effects resulting from  
25 changes to compliance obligations under the market-based  
26 compliance mechanism adopted by the State Air Resources Board  
27 pursuant to the California Global Warming Solutions Act of 2006  
28 that took effect January 1, 2015, it is necessary for this act to take  
29 effect immediately.