

AMENDED IN ASSEMBLY APRIL 11, 2016

AMENDED IN ASSEMBLY MARCH 28, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2223

Introduced by Assembly Member Gray

February 18, 2016

An act to ~~amend Section 39719 of the Health and Safety Code~~ *add Section 412 to the Food and Agricultural Code*, relating to greenhouse ~~gases, and making an appropriation therefor.~~ *gases.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2223, as amended, Gray. Greenhouse Gas Reduction Fund: dairy digesters.

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 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 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 continuously appropriates 60% of the annual proceeds of the fund for transit, affordable housing, sustainable communities, and high-speed rail purposes.~~

This bill would ~~continuously appropriate~~ *provide that up to \$100,000,000 annually shall be made available, upon appropriation,* from the fund to the Department of Food and Agriculture to provide incentives for the implementation of dairy digesters and other dairy

methane reduction projects and management practices, thereby making an appropriation. *practices.*

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. The Legislature finds and declares all of the
2 following:

3 (a) The State Air Resources Board has embarked on an
4 ambitious strategy to reduce dairy methane emissions. These
5 voluntary reductions cannot begin to be achieved unless the state
6 provides a substantial and ongoing financial commitment to offset
7 the costs of achieving these reductions.

8 (b) Dairy methane reduction projects are among the most
9 cost-effective investments the state can make to reduce greenhouse
10 gas emissions.

11 (c) Investments in dairy digesters and other methane reduction
12 projects on dairies in the state will provide significant greenhouse
13 gas and short-lived climate pollutant emissions reductions, as well
14 as all of the following:

15 (1) Significant benefits to disadvantaged communities, as
16 identified pursuant to Section 39711 of the Health and Safety Code,
17 including criteria pollutant reductions, water quality improvements,
18 and nuisance and odor control.

19 (2) Help in achieving a 50 percent reduction in petroleum use
20 by replacing diesel with renewable natural gas.

21 (3) Furtherance of the California Sustainable Freight Action
22 Plan.

23 (4) Substantial clean energy production, including renewable
24 electricity, renewable natural gas, and renewable carbon-negative
25 transportation fuel.

26 (5) Increased decarbonization of the state’s natural gas system.

27 (6) Job creation and economic development in
28 high-unemployment rural communities.

29 (7) Significant greenhouse gas emissions offsets and credit
30 production pursuant to the Low Carbon Fuel Standard regulation
31 (Subarticle 7 (commencing with Section 95480) of Article 4 of
32 Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the
33 California Code of Regulations).

1 (8) Significant water quality benefits from advancements in
2 manure management.

3 *SEC. 2. Section 412 is added to the Food and Agricultural*
4 *Code, to read:*

5 *412. Up to one hundred million dollars (\$100,000,000) from*
6 *the Greenhouse Gas Reduction Fund, created pursuant to Section*
7 *16428.8 of the Government Code, shall be available, upon*
8 *appropriation by the Legislature, to the department to provide*
9 *incentives for the implementation of dairy digesters and other*
10 *dairy methane reduction projects and management practices.*

11 ~~SEC. 2. Section 39719 of the Health and Safety Code is~~
12 ~~amended to read:~~

13 ~~39719. (a) The Legislature shall appropriate the annual~~
14 ~~proceeds of the fund for the purpose of reducing greenhouse gas~~
15 ~~emissions in this state in accordance with the requirements of~~
16 ~~Section 39712.~~

17 ~~(b) To carry out a portion of the requirements of subdivision~~
18 ~~(a), annual proceeds are continuously appropriated for the~~
19 ~~following:~~

20 ~~(1) Beginning in the 2015–16 fiscal year, and notwithstanding~~
21 ~~Section 13340 of the Government Code, 35 percent of annual~~
22 ~~proceeds are continuously appropriated, without regard to fiscal~~
23 ~~year, for transit, affordable housing, and sustainable communities~~
24 ~~programs as follows:~~

25 ~~(A) Ten percent of the annual proceeds of the fund is hereby~~
26 ~~continuously appropriated to the Transportation Agency for the~~
27 ~~Transit and Intercity Rail Capital Program created by Part 2~~
28 ~~(commencing with Section 75220) of Division 44 of the Public~~
29 ~~Resources Code.~~

30 ~~(B) Five percent of the annual proceeds of the fund is hereby~~
31 ~~continuously appropriated to the Low Carbon Transit Operations~~
32 ~~Program created by Part 3 (commencing with Section 75230) of~~
33 ~~Division 44 of the Public Resources Code. Moneys shall be~~
34 ~~allocated by the Controller, according to requirements of the~~
35 ~~program, and pursuant to the distribution formula in subdivision~~
36 ~~(b) or (e) of Section 99312 of, and Sections 99313 and 99314 of,~~
37 ~~the Public Utilities Code.~~

38 ~~(C) Twenty percent of the annual proceeds of the fund is hereby~~
39 ~~continuously appropriated to the Strategic Growth Council for the~~
40 ~~Affordable Housing and Sustainable Communities Program created~~

1 by Part 1 (commencing with Section 75200) of Division 44 of the
2 Public Resources Code. Of the amount appropriated in this
3 subparagraph, no less than 10 percent of the annual proceeds shall
4 be expended for affordable housing, consistent with the provisions
5 of that program.

6 ~~(2) Beginning in the 2015-16 fiscal year, notwithstanding~~
7 ~~Section 13340 of the Government Code, 25 percent of the annual~~
8 ~~proceeds of the fund is hereby continuously appropriated to the~~
9 ~~High-Speed Rail Authority for the following components of the~~
10 ~~initial operating segment and Phase I Blended System as described~~
11 ~~in the 2012 business plan adopted pursuant to Section 185033 of~~
12 ~~the Public Utilities Code:~~

13 ~~(A) Acquisition and construction costs of the project.~~
14 ~~(B) Environmental review and design costs of the project.~~
15 ~~(C) Other capital costs of the project.~~
16 ~~(D) Repayment of any loans made to the authority to fund the~~
17 ~~project.~~

18 ~~(3) Beginning in the 2016-17 fiscal year, notwithstanding~~
19 ~~Section 13340 of the Government Code, the sum of one hundred~~
20 ~~million dollars (\$100,000,000) is hereby continuously appropriated,~~
21 ~~without regard to fiscal year, to the Department of Food and~~
22 ~~Agriculture to provide incentives for the implementation of dairy~~
23 ~~digesters and other dairy methane reduction projects and~~
24 ~~management practices.~~

25 ~~(e) In determining the amount of annual proceeds of the fund~~
26 ~~for purposes of the calculation in subdivision (b), the funds subject~~
27 ~~to Section 39719.1 shall not be included.~~