

**Introduced by Senator Vidak
(Principal coauthor: Senator Huff)**

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(Coauthors: Senators Anderson, Bates, Berryhill, Fuller, Morrell, Nielsen, and Stone)

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December 1, 2014

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 5, as introduced, Vidak. 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.

Vote: 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 will expand from covering
17 large industrial facilities to include carbon-based transportation
18 fuels, used today by the state's motorists, as well as natural gas.

19 (d) Including transportation fuels in a market-based compliance
20 mechanism will require 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) This market-based compliance mechanism may increase the
25 cost of transportation fuels by 15 to 76 cents a gallon.

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

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

7 38576. (a) For purposes of this section, “compliance
8 obligation” means the quantity of greenhouse gas emissions for
9 which a person or entity is required to submit greenhouse gas
10 emissions allowances or offsets to the state board pursuant to a
11 market-based compliance mechanism.

12 (b) If the state board adopts a market-based compliance
13 mechanism pursuant to this part, only those categories of persons
14 or entities that had a compliance obligation beginning January 1,
15 2013, and until December 31, 2014, shall have a compliance
16 obligation through December 31, 2020, consistent with subdivision
17 (c) of Section 38562.

18 (c) This Section applies retroactively from January 1, 2015.

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

23 To reduce the cost impact on consumers, it is necessary for this
24 act to take effect immediately.