

SENATE BILL

No. 2

Introduced by Senator Huff

(Coauthors: Senators Anderson, Bates, Berryhill, Fuller, Gaines, Moorlach, Morrell, Nguyen, Nielsen, Runner, Stone, and Vidak)

June 30, 2015

An act to amend Section 39719 of, and to add Section 39719.3 to, the Health and Safety Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as introduced, Huff. Greenhouse Gas Reduction Fund.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund.

Existing law continuously appropriates 60% of the annual proceeds of the fund to various purposes, including high-speed rail, transit and intercity rail capital, low-carbon transit operations, and affordable housing and sustainable communities.

This bill would exclude from allocation under these provisions the annual proceeds of the fund generated from the transportation fuels sector. The bill would instead provide that those annual proceeds shall be appropriated by the Legislature for transportation infrastructure, including public streets and highways, but excluding high-speed rail.

Vote: majority. 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 hereby finds and declares all of
2 the following:

3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
4 to adequately maintain the state highway system in a basic state
5 of good repair.

6 (b) Similarly, cities and counties face a \$78 billion shortfall
7 over the next decade to adequately maintain the existing network
8 of local streets and roads.

9 (c) Since the State Air Resources Board imposed the
10 cap-and-trade tax on gasoline production in January 2015, the
11 Governor’s budget is projecting that \$2.7 billion will be available
12 from the Greenhouse Gas Reduction Fund in the fiscal year that
13 begins July 1. That figure is more than double the amount that was
14 available last year.

15 (d) Revenue has surged because cap-and-trade now applies to
16 transportation fuels, the source of roughly 40 percent of the state’s
17 carbon emissions.

18 (e) The Legislative Analyst’s Office projects that the imposition
19 of cap-and-trade on transportation fuels will raise \$1.9 billion this
20 year. This revenue is raised by taxing consumers (through a
21 pass-through increased cost of gasoline) and should be used to
22 repair our streets and roads.

23 (f) Investing in our streets and roads will end traffic gridlock
24 and improve mobility, which, in turn, will reduce greenhouse gases
25 in the state.

26

27 SEC. 2. Section 39719 of the Health and Safety Code is
28 amended to read:

29 39719. (a) The Legislature shall appropriate the annual
30 proceeds of the fund for the purpose of reducing greenhouse gas
31 emissions in this state in accordance with the requirements of
32 Section 39712.

33 (b) To carry out a portion of the requirements of subdivision
34 (a), annual proceeds are continuously appropriated for the
35 following:

36 (1) Beginning in the 2015–16 fiscal year, and notwithstanding
37 Section 13340 of the Government Code, 35 percent of annual
38 proceeds are continuously appropriated, without regard to fiscal

1 years, for transit, affordable housing, and sustainable communities
2 programs as following:

3 (A) Ten percent of the annual proceeds of the fund is hereby
4 continuously appropriated to the Transportation Agency for the
5 Transit and Intercity Rail Capital Program created by Part 2
6 (commencing with Section 75220) of Division 44 of the Public
7 Resources Code.

8 (B) Five percent of the annual proceeds of the fund is hereby
9 continuously appropriated to the Low Carbon Transit Operations
10 Program created by Part 3 (commencing with Section 75230) of
11 Division 44 of the Public Resources Code. Funds shall be allocated
12 by the Controller, according to requirements of the program, and
13 pursuant to the distribution formula in subdivision (b) or (c) of
14 Section 99312 of, and Sections 99313 and 99314 of, the Public
15 Utilities Code.

16 (C) Twenty percent of the annual proceeds of the fund is hereby
17 continuously appropriated to the Strategic Growth Council for the
18 Affordable Housing and Sustainable Communities Program created
19 by Part 1 (commencing with Section 75200) of Division 44 of the
20 Public Resources Code. Of the amount appropriated in this
21 subparagraph, no less than 10 percent of the annual proceeds, shall
22 be expended for affordable housing, consistent with the provisions
23 of that program.

24 (2) Beginning in the 2015–16 fiscal year, notwithstanding
25 Section 13340 of the Government Code, 25 percent of the annual
26 proceeds of the fund is hereby continuously appropriated to the
27 High-Speed Rail Authority for the following components of the
28 initial operating segment and Phase I Blended System as described
29 in the 2012 business plan adopted pursuant to Section 185033 of
30 the Public Utilities Code:

31 (A) Acquisition and construction costs of the project.

32 (B) Environmental review and design costs of the project.

33 (C) Other capital costs of the project.

34 (D) Repayment of any loans made to the authority to fund the
35 project.

36 (c) In determining the amount of annual proceeds of the fund
37 for purposes of the calculation in subdivision (b), the funds subject
38 to ~~Section~~ *Sections 39719.1 and 39719.3* shall not be included.

39 SEC. 3. Section 39719.3 is added to the Health and Safety
40 Code, to read:

1 39719.3. The annual proceeds of the fund generated from the
2 transportation fuels sector shall be appropriated by the Legislature
3 for transportation infrastructure, including public streets and
4 highways, but excluding high-speed rail.

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