

AMENDED IN SENATE JULY 11, 1996

AMENDED IN SENATE JUNE 12, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 3046

Introduced by Assembly Member Olberg
(Coauthor: Senator Dills)

February 23, 1996

An act to amend Section 40714.5 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 3046, as amended, Olberg. Air pollution: market-based incentive program.

(1) Existing law authorizes air pollution control districts and air quality management districts to adopt market-based incentive programs to improve air quality. Existing law requires the districts, as to sources in the South Coast Air Quality Management District and Ventura County until January 1, 1999, and statewide on and after that date, to grant emission reduction credits or marketable trading credits without discount or reduction, except as specified, to sources that are exempt from specified district rules and regulations.

This bill would impose that requirement in additional specified districts as of January 1, 1997, and January 1, 1998, and statewide as of January 1, 1999, thereby imposing a state-mandated local program by imposing new duties on the

districts. The bill would make nonsubstantive technical changes in that connection.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 40714.5 of the Health and Safety
2 Code is amended to read:

3 40714.5. (a) The Legislature hereby finds and
4 declares all of the following:

5 (1) Because of policy considerations, certain sources of
6 air pollution are exempt from district permitting
7 requirements or are not otherwise controlled by districts.

8 (2) Emissions from some of these sources can be
9 reduced through cost-effective measures, thereby
10 creating additional emission reduction credits.

11 (3) An increased supply of emission reduction credits
12 is beneficial to local economies.

13 (4) The purpose of this section is to provide an
14 incentive to generate additional and fully valued
15 emission reduction credits by encouraging emission
16 reductions from these sources without subjecting them to
17 a district permitting process.

18 (b) (1) With respect to any emission reduction that
19 occurs on or after January 1, 1991, at a source that was and
20 remains exempt from district rules and regulations, the
21 district shall grant emission reduction credits or
22 marketable trading credits without any discount or
23 reduction in the quantity of the emissions reduced at the
24 source unless otherwise provided by law. Emission
25 reduction credits or marketable trading credits issued by
26 the district for those exempt sources may be reduced only
27 when applied to the permitting of other stationary



1 sources as a result of new source review, or in accordance
2 with any applicable requirement of a marketable trading
3 credit program.

4 (2) Any credits issued by a district pursuant to this
5 subdivision shall meet all of the requirements of state and
6 federal law, including, but not limited to, all of the
7 following requirements:

8 (A) The credits shall not result in the crediting of air
9 emissions which are already contemporaneously
10 required by an emission control measure in a plan
11 necessary to achieve state and federal ambient air
12 standards.

13 (B) The credits shall not provide for an additional
14 discount of credits solely as a result of emission reduction
15 credits trading if a district has already discounted the
16 credit as part of its process of identifying and granting
17 those credits to sources.

18 (C) The credits shall not, in any manner, result in
19 double-counting of emission reductions.

20 (D) The credits shall be permanent, enforceable,
21 quantifiable, and surplus.

22 (3) (A) Until January 1, 1997, this subdivision applies
23 only to sources within the boundaries of the south coast
24 district or in Ventura County.

25 (B) On and after January 1, 1997, this subdivision shall
26 also apply to sources within the boundaries of the
27 Imperial County, Great Basin Unified, Mojave Desert,
28 Kern County, Santa Barbara County, San Luis Obispo
29 County, bay, ~~Sonoma County~~ *Northern Sonoma*,
30 Yolo-Solano, Lake County, Colusa County, Mendocino
31 County, and Sacramento districts.

32 (C) On and after January 1, 1998, this subdivision shall
33 also apply to sources within the boundaries of the San
34 Diego County, Siskiyou County, Modoc County, Shasta
35 County, Lassen County, Tehama County, Northern
36 Sierra, Feather River, Placer County, El Dorado County,
37 Amador County, Calaveras County, Tuolumne County,
38 and Mariposa County districts.

39 (D) On and after January 1, 1999, this subdivision shall
40 apply statewide.



1 SEC. 2. No reimbursement is required by this act
2 pursuant to Section 6 of Article XIII B of the California
3 Constitution because a local agency or school district has
4 the authority to levy service charges, fees, or assessments
5 sufficient to pay for the program or level of service
6 mandated by this act, within the meaning of Section 17556
7 of the Government Code.

8 Notwithstanding Section 17580 of the Government
9 Code, unless otherwise specified, the provisions of this act
10 shall become operative on the same date that the act
11 takes effect pursuant to the California Constitution.

