

Introduced by Senator Pavley

February 24, 2012

An act to add Sections 38575 and 38575.5 to the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 1572, as introduced, Pavley. California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Account.

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 emission reductions. The act authorizes the state board to include use of market-based compliance mechanisms. The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to the act, and requires the revenues collected pursuant to that fee schedule be deposited into the Air Pollution Control Fund and be available, upon appropriation by the Legislature, for the purposes of carrying out the act.

This bill would create the Greenhouse Gas Reduction Account within the Air Pollution Control Fund. The bill would require moneys, as specified, collected pursuant to a market-based compliance mechanism be deposited in this account. The bill also would require those moneys, upon appropriation by the Legislature, be used for purposes of carrying out the California Global Warming Solutions Act of 2006. The bill

would declare the intent of the Legislature to enact legislation that would establish criteria for the development and implementation of an expenditure plan, as specified, for moneys appropriated from the Greenhouse Gas Reduction Account.

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 finds and declares all of the
2 following:

3 (a) In accordance with its discretionary authority to adopt
4 market-based compliance mechanisms pursuant to Part 5
5 (commencing with Section 38570) of Division 25.5 of the Health
6 and Safety Code, the State Air Resources Board adopted on
7 December 22, 2011, a final regulation order establishing the
8 cap-and-trade program, which took effect on January 1, 2012.

9 (b) California's cap-and-trade program is authorized by the
10 California Global Warming Solutions Act of 2006 (Division 25.5
11 (commencing with Section 38500) of the Health and Safety Code),
12 and the funds generated by the program are regulatory fees whose
13 use is required to conform with *Sinclair Paint Co. v. State Bd. of*
14 *Equalization* (1997) 15 Cal.4th 866.

15 (c) Provided the cap-and-trade regulation remains substantially
16 unchanged, the state board will auction greenhouse gas emissions
17 allowances beginning in the 2012 calendar year.

18 (d) Pursuant to the California Global Warming Solutions Act
19 of 2006 (Division 25.5 (commencing with Section 38500) of the
20 Health and Safety Code), proceeds from the auction of allowances
21 will be deposited in the Air Pollution Control Fund, and will only
22 be available, upon appropriation by the Legislature, for the
23 purposes designated in the act.

24 (e) If the cap-and-trade regulation does not remain in effect, the
25 state board may consider alternate rules or regulations that would
26 be adopted pursuant to the California Global Warming Solutions
27 Act of 2006 (Division 25.5 (commencing with Section 38500) of
28 the Health and Safety Code) in an open public process to ensure
29 that statewide greenhouse gas emissions are reduced to 1990 levels
30 by 2020.

1 SEC. 2. Section 38575 is added to the Health and Safety Code,
2 to read:

3 38575. (a) The Greenhouse Gas Reduction Account is hereby
4 created within the Air Pollution Control Fund.

5 (b) Notwithstanding Section 38597, all moneys, excluding
6 penalties and fines, collected pursuant to this part shall be deposited
7 in the Greenhouse Gas Reduction Account and shall be available,
8 upon appropriation by the Legislature, for purposes of carrying
9 out this division.

10 SEC. 3. It is the intent of the Legislature to enact legislation
11 that would do all of the following:

12 (a) Require the Governor to submit to the Legislature a draft
13 expenditure plan detailing how moneys in the Greenhouse Gas
14 Reduction Account should be spent.

15 (b) Based on the draft expenditure plan, establish criteria to be
16 used by a state agency or multiple state agencies, as appropriate,
17 to develop and adopt a final expenditure plan for the expenditure
18 of moneys in the Greenhouse Gas Reduction Account, upon
19 appropriation of those moneys by the Legislature.

20 (c) Appropriate funds from the Greenhouse Gas Reduction
21 Account to be spent according to the final expenditure plan and
22 for the purpose of achieving the goal of reducing greenhouse gas
23 emissions in a manner that is consistent with Division 25.5
24 (commencing with Section 38500) of the Health and Safety Code.

25 (d) Require a state agency or multiple state agencies, as
26 appropriate, to develop and adopt the final expenditure plan through
27 an open public process.