

BOARD MEETING DATE: September 4, 2015

AGENDA NO. 29

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee met on Friday, July 17, 2015.
The next Legislative Committee meeting is scheduled for Friday,
September 11, 2015 at 9:00 a.m. in Conference Room CC8.

RECOMMENDED ACTION:
Receive and file this report.

Michael D. Antonovich
Acting Chair
Legislative Committee

LBS:GSA:PFC:jf

Attendance [Attachment 1]

The Legislative Committee met on July 17, 2015. All attending Committee Members – Michael Antonovich (who chaired the meeting), Dr. Clark E. Parker Sr., and Janice Rutherford – participated via videoconference.

Update on Federal Legislative Issues

SCAQMD federal legislative consultant, Gary Hoitsma of the Carmen Group, reported on key Washington, D.C. issues:

Mr. Hoitsma provided the Committee with an update on the federal surface transportation reauthorization bill activities in the U.S. House of Representatives. On a bipartisan vote, the House recently passed its version of a five-month extension bill that would extend programs at current levels to December 18 and require a transfer of \$8 billion from the General Fund into the Highway Trust Fund. To pay for this without a tax increase, the bill cobbles together about \$5 billion from a variety of tax compliance measures and about \$3 billion in savings from Transportation Security Administration fees. The bill now goes to the Senate where a separate bill with different provisions is in the works. House leaders – including Paul Ryan, Chairman of the Ways and Means Committee – say they hope that the five-month extension will give Congress enough

time to put together a tax reform package by the end of the year that can pay for a longer term transportation bill.

Mr. Hoitsma also reported on activity regarding House Appropriations bills. While the full House has now passed six of its required 12 appropriations bills this year, it was unable this month to pass the Interior/Environment bill that oversees the U.S. Environmental Protection Agency's budget and includes increased funding for the Target Airshed Grant Program and the Diesel Emission Reduction Act (DERA) program. The full House recently suspended consideration of the bill after controversy arose regarding an amendment on the use of the Confederate flag. It is not clear when the House will resume consideration of the bill.

Mr. Hoitsma reported that it appears likely that the entire appropriations process this year is again headed towards an end-of-the-year stalemate in which none of the bills will pass both legislative houses by the end of the fiscal year. Thus, a December omnibus package is a likely outcome. Meanwhile, SCAQMD and its consultants continue to work closely with Congressman Ken Calvert's office to ensure that increased funding and favorable report language for both the Targeted Airshed Grant and the DERA programs are included in the final bill.

SCAQMD federal legislative consultant, Mark Kadesh of Kadesh & Associates, also reported on various key Washington, D.C. issues:

Mr. Kadesh reported that the Senate will soon take up their version of a bill that will provide a short-term extension of the MAP-21 surface transportation reauthorization bill and provide some funding for the Highway Trust Fund. There is a question as to the term this bill would cover and Senate leadership has discussed the possibility of an 18-month bill, which would require about \$30 billion in offsets.

Mr. Kadesh informed the Committee that the Senate Environment and Public Works Committee recently marked up and passed out the Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act (S. 1647), and the Senate Commerce Committee passed S. 1732, which is expected to be incorporated into the DRIVE Act as the rail title of that bill.

Mr. Kadesh also reported the growing likelihood of a Continuing Resolution (CR) to fund the government after September 30. Unfortunately, the last time there was a long term CR, zero-emissions goods movement funding (of which SCAQMD previously received a portion) was excluded. Senator Feinstein's office has continued to press for inclusion of this provision. On a positive note, SCAQMD is currently awaiting the 2015 issuance of the RFP for \$10 million in zero-emission program funding that was approved last year. The latest indication received from the U.S. Department of Energy staff is that the RFP will be released this summer.

Update on State Legislative Issues

SCAQMD state legislative consultant, Will Gonzalez of Gonzalez, Quintana & Hunter, briefed the Committee on key Sacramento issues:

Mr. Gonzalez reported that legislative business in Sacramento has temporarily shut down due to the four-week legislative summer recess which just started. Below is a status update on key legislative activity prior to the recess:

- Three High-Profile Environment/Climate Change Bills:
 - SB 350 (De León) - *Clean Energy and Pollution Reduction Act of 2015* - This bill requires by 2030, an increase in the Renewables Portfolio Standard to 50%, a 50% reduction in oil usage, and a 50% increase in building energy efficiency. SB 350 has moved quickly through the Senate and negotiations are underway in the Assembly. Some policy questions at issue are whether rooftop solar energy should count towards utilities' renewable energy requirements and whether utilities should get credit for the electrification of transportation. Further, the provision to reduce use of petroleum is the most controversial, with oil interests lobbying hard in opposition.
 - SB 32 (Pavley) - *California Global Warming Solutions Act of 2006: emissions limit*. – This bill would update the greenhouse gas (GHG) reduction goals of the state, creating a 2050 deadline to reduce GHG emissions in California to 80% below 1990 levels. SB 32 also moved quickly through the Senate; however, it represents a second big vote on climate change that the Legislature will be asked to make in one year, and that may be an issue.
 - AB 1288 (Atkins) - *California Global Warming Solutions Act of 2006: regulations* – This bill would remove the sunset on the GHG Cap and Trade program in California. There has been a mix of positions on this bill, with oil interests in support (with their preference for Cap and Trade over command and control policies) and with various environmental and environmental justice groups in opposition due to a dislike of market-based mechanisms for climate/environmental protections.
- SB 513 (Beall) - *Carl Moyer Memorial Air Quality Standards Attainment Program: fees* – This bill would modernize the Carl Moyer Program and is a high priority for SCAQMD. SB 513 recently passed out of the Assembly Transportation Committee, is now pending in the Appropriations Committee, and appears to be moving without much controversy.

- AB 693 (Eggman) - *Multifamily Affordable Housing Renewables Program* – This is a new bill (due to a recent “gut and amend”) that would take \$100 million per year (10%) of Cap and Trade utility auction revenues, which are currently being rebated back to utility customers, and use this revenue to create a rooftop solar program for disadvantaged communities, with low-income multi-family developments being a target in particular. The bill passed its first policy committee and is a priority for various urban Los Angeles based members. AB 693 would last for 10 years, and cost \$1 billion in total.

Mr. Gonzalez also provided a quick update on the state Budget. The Governor signed the state Budget on time on June 15; however 40% of the Greenhouse Gas Reduction Fund (in excess of \$800 million) was left unallocated pending further negotiations. These funds will likely work themselves into end-of-session negotiations regarding various climate change bills. SCAQMD is watching these fund negotiations carefully and working to ensure that as many funds as possible are utilized to benefit air quality goals and priorities.

Finally, Mr. Gonzalez reported that the Governor has called for two extraordinary legislative sessions to take place: one regarding transportation funding and one on Medi-Cal. The transportation special session will focus on the need to fund transportation infrastructure needs. After the summer recess, issues such as the gas tax, registration fees, and a new type of vehicle maintenance fee will be discussed and addressed. There is bipartisan recognition of an infrastructure funding need; however, there is disagreement on how to pay for possible solutions.

Overview of the U.S. Senate’s new Federal Surface Transportation Authorization Legislation, the Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act

Marc Carrel, Program Supervisor, provided an overview of the U.S. Senate’s recently introduced federal surface transportation authorization legislation. Senate Environment & Public Works (EPW) Committee Chairman, James Inhofe (R-OK) introduced the bill, known as the DRIVE Act. Mr. Carrel outlined contents of the bill that align with SCAQMD’s policy priorities and previously adopted legislative proposals.

Mr. Carrel explained that the bill is for six years (FY 2016 – FY 2021) and calls for spending \$42.9 billion per year on the Federal-Aid Highway Program and \$675 million per year for the popular Transportation Infrastructure Finance and Innovation Act (TIFIA) low-interest loan program. TIFIA allows states to apply for federally backed, low-interest loans to help pay for large construction programs. In May 2014, the SCAQMD Board approved five legislative proposals that staff sought to have included in the next surface transportation authorization bill. These proposals focused on getting more funding for zero- and near-zero emission freight transportation technologies and alternative fuel refueling infrastructure.

Mr. Carrel reported that The DRIVE Act contains one provision that comes from SCAQMD proposals, which would change an existing goal of the National Freight Program from reducing “the environmental impacts of freight movement on the national freight network” to reducing “the environmental impacts of freight movement.” The bill requires a report from the Department of Transportation within three years that includes “best practices to mitigate the impact of freight movement on communities,” funding for clean truck projects, and the designation of national electric vehicle charging and natural gas fueling corridors across the nation. Changes have also been made to eligible Congestion Mitigation and Air Quality projects, including prioritizing funding to reduce PM2.5 and port-related landside emissions with the most cost-effective projects.

Mr. Carrel informed the Committee that, taken together, these policy developments represent positive steps in SCAQMD’s efforts to achieve federal support for zero- and near-zero emission transportation technologies – reflecting the numerous meetings between SCAQMD staff, Senate EPW staffers, and Senator Inhofe himself.

Report from SCAQMD Home Rule Advisory Group [Attachment 2]

Please refer to Attachment 2 for written report.

Other Business:

None

Public Comment Period:

None

Attachments

1. Attendance Record
2. SCAQMD Home Rule Advisory Group Report

ATTACHMENT 1

ATTENDANCE RECORD – July 17, 2015

SCAQMD BOARD MEMBERS:

Supervisor Michael Antonovich (Videoconference)

Dr. Clark E. Parker (Videoconference)

Supervisor Janice Rutherford (Videoconference)

STAFF TO COMMITTEE:

Lisha B. Smith, Deputy Executive Officer

Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor

Guillermo Sanchez, Senior Public Affairs Manager

Julie Franco, Senior Administrative Secretary

SCAQMD STAFF:

Philip Fine, Deputy Executive Officer

Bayron Gilchrist, Assistant Chief Deputy Counsel

Mohsen Nazemi, Deputy Executive Officer

Kurt Wiese, General Counsel

Marc Carrel, Program Supervisor

Tina Cox, Senior Public Information Specialist

Greg Rowley, Telecommunications Technician II

Patti Whiting, Staff Specialist

Kim White, Public Information Specialist

Bill Wong, Principal Deputy District Counsel

Rainbow Yeung, Senior Public Information Specialist (Videoconference)

OTHERS PRESENT:

Mark Abramowitz, Governing Board Member Consultant (Lyou)

Tricia Almiron, SANBAG

Will Gonzalez, Gonzalez, Quintana & Hunter, LLC (teleconference)

Gary Hoitsma, Carmen Group (teleconference)

Mark Kadesh, Kadesh & Associates (teleconference)

Bill LaMarr, California Small Business Alliance

Margot Malarkey, Association of American Railroads

Debra Mendelsohn, Governing Board Consultant (Antonovich)

David Rothbart, Los Angeles County Sanitation District

Andy Silva, Governing Board Member Consultant (Rutherford)

Susan Stark, Tesoro

Warren Weinstein, Kadesh & Associates (teleconference)

ATTACHMENT 2

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF JUNE 17, 2015

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Philip Fine, SCAQMD

Patrick Au on behalf of Chris Gallenstein, CARB (participated by phone)

Mike Carroll, Latham & Watkins on behalf of the Regulatory Flexibility Group

Curt Coleman, Southern California Air Quality Alliance

Jaclyn Ferlita, Air Quality Consultants

Jayne Joy, Eastern Municipal Water District (participated by phone)

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Diane Moss, Renewables 100 Policy Institute

Bill Quinn, CCEEB (participated by phone)

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Larry Rubio, Riverside Transit Agency (participated by phone)

Larry Smith, Riverside Cement

TyRon Turner, We Care About You

Lee Wallace, So Cal Gas and SDG&E

Others: Sue Gornick (WSPA); Daniel McGivney (SoCalGas/SDG&E); Rita Loof (Radtech); Tom Gross (SCE); and Susan Stark (Tesoro).

AQMD Staff: Philip Crabbe, Jill Whynot, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE

Philip Crabbe reported on the following items that were discussed at the Legislative Committee meeting on June 12, 2015:

Federal

With regard to the appropriations process, the Senate Democrats are objecting to the overall numbers proposed by the Republicans, resulting in an impasse. If the defense appropriations bill moves forward this month, that bodes well for the Energy & Water Appropriations bill which includes the zero emissions goods movement grant program (which SCAQMD has benefitted from in the past). A delay in the defense bill would bode poorly for the prospects of all the other Senate Appropriations bills moving forward.

Current MAP-21 Surface Transportation programs have been extended through the end of July 2015, and may be extended again through the end of the year. The hope is that by the end of the year new funding will be identified for the passage of a six-year surface transportation bill. Meanwhile, Senators James Inhofe and Barbara Boxer have announced that the Senate

Environment and Public Works Committee will be marking up its new version of the surface transportation bill on June 24, 2015. SCAQMD staff will continue working with the Senate Environment and Public Works Committee staff to try to incorporate SCAQMD's proposals for promoting advanced vehicle technologies. This mark up is a modest step forward as the challenge remains for the Senate Finance and the House Ways and Means Committees to line up funding for the bill.

The House recently voted to pass its version of the fiscal year 2016 Transportation HUD Appropriations bill. The bill proposes a large cut in TIGER grants, slight cuts to transit funding, and slight increases for aviation programs. The bill has zero funding for high-speed rail and includes a specific ban on funding for the California high-speed rail project. The President has already threatened to veto the bill.

The House Appropriations Interior Environment Subcommittee marked up their fiscal year 2016 appropriations bill which funds the U.S. EPA, among other agencies. With Congressman Ken Calvert's help, the subcommittee included \$20 million for the Targeted Airshed Grant Program, which is double the funding level for the current year. The subcommittee included \$50 million for the Diesel Emission Reduction Act (DERA) Program which is an increase of \$20 million from the current funding level. SCAQMD staff will continue to work with Congressman Calvert's office to ensure increased funding and to include bill report language that is beneficial to SCAQMD.

State

SCAQMD consultants reported on the following bills:

SB 513 (Beall)-Carl Moyer Memorial Air Quality Standards Attainment Program: fees

SB 513, which will modernize funding under the Carl Moyer Memorial Air Quality Standards Attainment Program, passed the Senate floor and is pending in the State Assembly.

SB 350 (De León)-Clean Energy and Pollution Reduction Act of 2015

SB 350, which will increase the renewable portfolio standard up to 50%, reduce oil use, and increase energy efficiency, passed the Senate floor and is pending in the State Assembly.

SB 32 (Pavley)-California Global Warming Solutions Act of 2006: emissions limit

SB 32 will create new 2030 and 2050 greenhouse gas emission reduction goals. SB 32 passed the Senate floor and is pending in the State Assembly.

AB 1288 (Atkins)-California Global Warming Solutions Act of 2006: regulations

AB 1288 removes the sunset on the cap-and-trade program for greenhouse gas. AB 1288 passed the Assembly floor and is pending in the State Senate.

California state Budget negotiations ended June 15, 2015. Within that budget, 60% of the cap and trade funds were approved for continuous appropriations to programs such as high-speed rail and sustainable communities. However, 40% of the cap and trade funds, consisting of annual appropriations, are on hold due to agency preparedness and competing proposals.

The Legislative Committee approved the issuing of a Request for Proposals for SCAQMD's legislative representation in Washington D.C.

The Legislative Committee also made recommendations on the following bills/items:

Bills/Items	Description	Legislative Committee's Recommended Action
SB 398 (Leyva)	Green Assistance Program	Support
SB 400 (Lara)	California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund	Support with Amendments
Greenhouse Gas Reduction Fund Principles	GGRF Investment Guidelines	Adopt

SB 398 (Leyva)-Green Assistance Program

SB 398 would create the Green Assistance Program which would provide technical assistance to small businesses, small non-profit organizations, and disadvantaged communities to access funding for energy efficiency upgrades or projects that lessen negative health impacts resulting from poor air quality. The Legislative Committee adopted staff's recommendation of support for the bill.

SB 400 (Lara)-California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund

SB 400 would require the California High Speed Rail Authority to allocate not less than 25% of the cap-and-trade funds appropriated from the Greenhouse Gas Reduction Fund to projects that reduce or offset greenhouse gas emissions directly associated with the construction of high-speed rail projects and provide a co-benefit of improving air quality. This bill will also require priority to be given within this expenditure category to measures and projects located in areas designated as extreme non-attainment. The Legislative Committee adopted staff's recommendation of support with amendments for the bill.

Greenhouse Gas Reduction Fund Principles (GGRF)

To maximize the benefit to the state of the GGRF investments and to protect the public from the negative health impacts of poor air quality, SCAQMD recommended three principles to guide GGRF investments. These principles were adopted by the Legislative Committee.

AB 450 (McCarty)-Greenhouse Gas Energy Efficiency Financing

AB 450 by Assemblymember McCarty (Greenhouse Gas Energy Efficiency Financing) was not presented to the Committee. Staff will continue to watch this bill.

Discussion

There was no discussion.