

BOARD MEETING DATE: March 6, 2020

AGENDA NO. 23

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, February 14, 2020. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
H.R. 2616 (DeSaulnier, Porter, and Rouda) Clean Corridors Act of 2019	Withdrawn

RECOMMENDED ACTION:

Receive and file this report.

Supervisor Janice Rutherford, Acting Chair
Legislative Committee

DJA:LTO:PFC:sg

Committee Members

Present: Dr. William A. Burke (videoconference)
Senator Vanessa Delgado (Ret.) (videoconference)
Supervisor Janice Rutherford (videoconference)

Absent: Council Member Judith Mitchell/Chair
Council Member Joe Buscaino/Vice Chair
Supervisor V. Manuel Perez

Call to Order

Supervisor Janice Rutherford was appointed to the committee as Chair for this meeting only. The meeting was called to order at 9:03 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues

South Coast AQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues.

Mr. Gary Hoitsma of Carmen Group reported on the release of the President's Fiscal Year 2021 Budget and the State of the Union address. South Coast AQMD's recent legislative meetings in Washington, D.C. with Congressional offices, business representatives and other stakeholders were productive. Mr. Hoitsma followed up with Senate Environment and Public Works staff regarding South Coast AQMD's request to hold a hearing on the U.S. EPA's Cleaner Trucks Initiative and received a positive response. Senate Environment and Public Works (EPW) Committee staff are actively considering holding a hearing before summer. He further noted, that while the President did not focus on transportation and infrastructure in his State of the Union address, the Administration has signaled support for the Senate Transportation and Infrastructure bill which reauthorizes programs for 5-years. The bill passed out of Senate EPW. He also reported that while the President's budget cut numerous EPA and clean energy programs, it is likely that Congress will restore funding.

Ms. Amelia Jenkins of Cassidy & Associates informed the Committee that they had been working with South Coast AQMD staff on transportation, infrastructure and climate related legislation. Ms. Jenkins noted meetings with House Energy and Commerce Committee staff and Senate Minority EPW staff where South Coast AQMD presented key air quality related policy and authorization priorities and were met with a good response. Ms. Jenkins added that the House Transportation and Infrastructure bill will be more forward leaning on air quality related issues than the Senate bill.

Mr. Dave Ramey of Kadesh & Associates stated that the Fiscal Year 2021 Appropriations process is currently underway. While in D.C., Kadesh and Associates organized several meetings with California Members of Congress on South Coast AQMD appropriations priorities including Targeted Airshed Grants, the Diesel Emissions Reduction Act program and Section 103/105 funding. Kadesh & Associates will continue to work with South Coast AQMD staff to submit appropriations requests and then support the funding levels through the legislative process.

2. Update on State Legislative Issues

South Coast AQMD's state legislative consultants (Quintana, Watts and Hartmann, California Advisors, LLC, and Joe A. Gonsalves & Son) provided written reports on various key issues in Sacramento.

Mr. Jarrell Cook of Quintana, Watts and Hartmann commented that various productive meetings occurred between South Coast AQMD staff and legislators, including Assembly Majority Leader Ian Calderon and Assembly Member Cristina Garcia, regarding AB 617 budget funding and legislative priorities.

Dr. Burke requested more thorough reports in the future.

Mr. Ross Buckley of California Advisors, LLC informed the Committee that the end of January marked the deadline for 2-year bills to be passed out of their first house. The Legislature is now focusing on new legislation. The bill introduction deadline for new bills in 2020 is Friday, February 21. It is expected that several hundred bills in both the Senate and the Assembly will be introduced by that deadline. Also, the Governor will give his State of the State Address on Wednesday, February 19.

Mr. Paul Gonsalves of Joe A. Gonsalves & Son informed the Committee that the Legislative Analyst Office (LAO) just released a report analyzing climate change proposals within the Governor's Proposed 2020-21 State Budget.

Mr. Gonsalves indicated that the LAO report focuses on analyzing four areas: (1) the \$965 million cap-and-trade revenue expenditure plan; (2) \$25 million for climate adaption research and technical assistance; (3) the \$250 million "new Climate Catalyst" loan program; and (4) the \$4.8 billion climate bond. The report determines that because there are less discretionary cap and trade funds available overall, the state should focus on its key and most effective priorities for that funding. Regarding the Climate Catalyst loan fund, the report concluded that too much funding is being allocated for this and that some of this funding should be redirected for other more beneficial climate related uses. The report also indicated that the climate bond is a good idea, but it may come with risk in the out years because of the likelihood of an economic recession in the future.

Supervisor Rutherford asked if the LAO report would be sent to the Legislative Committee members. Mr. Alatorre responded in the affirmative.

3. Update on Legislation Regarding Voting District Authorization for Clean Air

Mr. Alatorre provided an update regarding South Coast AQMD-sponsored legislation relating to the authorization of a voting district within the South Coast region to allow for potential future ballot funding measures within the District.

Mr. Alatorre indicated that SB 732 (Allen), the previous bill was not passed out of the Senate by the end of January 2020 deadline. Thanks to help from state legislative consultant David Quintana, a new bill author has been secured to introduce a spot bill for the 2020 legislative session that can serve as a new legislative vehicle for the

bill. AB 2241 (Calderon), was introduced by Assembly Majority Leader Ian Calderon, and it will allow for more time to secure additional support from stakeholders.

Mr. Alatorre indicated that since the January Legislative Committee meeting, staff has participated in at least 24 meetings with stakeholders, elected officials and legislative staff regarding the bill, including Senate President Pro Temp Toni Atkins staff and Speaker Anthony Rendon's staff. Substantive amendments to the spot bill must be submitted to Legislative Counsel by March 4. Staff continues to work with key stakeholders regarding the bill, including the Building Trades. Supervisor Rutherford asked when the spot bill was introduced. Mr. Alatorre replied that it was introduced on February 13. Supervisor Rutherford inquired as to which bill language would be included in the spot bill. Mr. Alatorre indicated that the spot bill will likely include the same legislative language from the latest version of SB 732 (Allen) and if there are any changes to the language, the Legislative Committee will be informed. There are some stakeholders seeking possible changes to the bill language.

Chairman Burke asked if the independent oversight committee language previously requested by Supervisor Rutherford had been incorporated into the bill. Mr. Alatorre responded in the affirmative.

Senator Vanessa Delgado inquired as to whether previously planned outreach to various state Senators regarding the bill had been completed. Mr. Alatorre responded in the affirmative and mentioned that meetings were had with Senators Maria Elena Durazo, Lena Gonzalez, Connie Leyva's staff and others. In response to Senator Delgado's inquiry, Mr. Alatorre stated that these Senators and/or their staff were non-committal with regards to potentially co-authoring the bill. Senator Delgado also asked whether Senate President Pro Temp Toni Atkins' senior environmental staffer, Kip Lipper is assisting with the effort to pursue the bill. Mr. Alatorre responded in the affirmative.

Supervisor Rutherford requested that the spot bill, AB 2241 (Calderon), be forwarded to the Legislative Committee. Mr. Alatorre responded that this will be done.

ACTION ITEM:

4. Recommend Position on Federal Bill:

H.R. 2616 (DeSaulnier, Porter, and Rouda) Clean Corridors Act of 2019

This bill was withdrawn from the agenda.

OTHER MATTERS:

5. Other Business

There was no other business.

6. Public Comment Period

Mr. Harvey Eder, Public Solar Power Coalition, made comments regarding the need for legislation creating refundable solar power tax credits for low income individuals. He also spoke regarding environmental justice, the negative impacts of air pollution on the homeless, low income housing and housing tax credits.

7. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, March 13, 2020 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:25 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – February 14, 2020

Dr. William A. Burke (Videoconference).....	South Coast AQMD Board Member
Senator, Vanessa Delgado (Ret.) (Videoconference)	South Coast AQMD Board Member
Supervisor, Janice Rutherford (Videoconference).....	South Coast AQMD Board Member
Thomas Gross	Board Consultant (Benoit)
Fred Minassian.....	Board Consultant (Mitchell)
Andrew Silva	Board Consultant (Rutherford)
Ross Buckley (teleconference).....	California Advisors, LLC
Jarrell Cook (teleconference)	Quintana, Watts and Hartmann
Paul Gonsalves (teleconference).....	Joe A. Gonsalves & Son
Gary Hoitsma (teleconference)	Carmen Group, Inc.
Amelia Jenkins (teleconference).....	Cassidy & Associates
Dave Ramey (teleconference).....	Kadesh & Associates
Harvey Eder	Public Solar Power Coalition
Bill LaMarr	California Small Business Alliance
Rita Loof	RadTech
David Rothbart.....	Los Angeles County Sanitation District
Tammy Yamasaki	Southern California Edison
Denny Zane.....	Move LA
Derrick Alatorre	South Coast AQMD Staff
Leeor Alpern	South Coast AQMD Staff
Barbara Baird.....	South Coast AQMD Staff
Philip Crabbe	South Coast AQMD Staff
Amir Dejbakhsh.....	South Coast AQMD Staff
Philip Fine.....	South Coast AQMD Staff
Stacy Garcia	South Coast AQMD Staff
Megan Lorenz	South Coast AQMD Staff
Matt Miyasato.....	South Coast AQMD Staff
Robert Paud.....	South Coast AQMD Staff
Sarah Rees.....	South Coast AQMD Staff
Lisa Tanaka O'Malley	South Coast AQMD Staff
Mary Reichert	South Coast AQMD Staff
Todd Warden	South Coast AQMD Staff
Fabian Wesson	South Coast AQMD Staff
Kim White.....	South Coast AQMD Staff
Jill Whynot.....	South Coast AQMD Staff
William Wong.....	South Coast AQMD Staff
Paul Wright.....	South Coast AQMD Staff



ATTACHMENT 2

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: January 30, 2020

Re: Federal Update -- Executive Branch

Transportation and Infrastructure: For South Coast AQMD, two of the most-watched federal legislative efforts this year will be focused on 1) a surface transportation reauthorization bill for highways and transit; and 2) a possible larger and broader infrastructure bill that would include highways and transit but also reach to such things as aviation, water, ports, pipelines, and broadband among others. Both hold the promise to be major legislative vehicles that could carry significant positive clean-air-related priorities and provisions, and both have the potential to win significant bipartisan support. Yet both efforts are fraught with high degrees of difficulty and uncertainty, and both depend on generating billions of dollars in new revenue, which is currently nowhere in sight, especially amid January forecasts of trillion-dollar annual budget deficits as far as the eye can see. In the Senate, a bipartisan surface transportation bill was cleared through committee approval last year, while the in the House, committee action on a separate less bipartisan bill is expected early this year, but details have not yet been released. Meantime on infrastructure, House Democrats and Republicans in January released competing sets of “infrastructure principles” to help begin serious discussions on the issue, while the Ways & Means Committee head a hearing on infrastructure funding options, though seemed far from any consensus in the funding debate. The next critical markers to watch will be to see how the Trump Administration weighs in on these topics in the President’s State of the Union Address on Feb. 4 and in the President’s Annual Budget proposal set to be released on Feb. 10.

Cleaner Trucks Initiative: The EPA’s Advanced Notice of Propose Rulemaking (ANPR) was published in the Federal Register on January 21. It constitutes a solicitation for stakeholder comments (due Feb. 20) on the process to establish a new ultra-low NOx emissions standard for heavy duty trucks. The comments are supposed to inform and guide EPA in its effort to put out a formal Notice of Proposed Rulemaking (NPR) likely in the May-June timeframe, with a final rule not expected before early next year. Meantime, majority staff at the Senate Environment & Public Work Committee have informed us that Committee members are considering holding a public hearing on the CTI issue, and -- with South Coast AQMD staff -- we are actively exploring the possibility of South Coast AQMD providing testimony. In 2016, South Coast AQMD was the original lead petitioner urging the EPA to act on this important matter.

FTA Announces Funding Available for “Low-No” Bus Grants: The Federal Transit Administration in January announced the availability of \$130 million for the FY 20 Low or No Emission (Low-No) Bus Program. The program provides competitive grants for the purchase or lease of low or no emission vehicles that use advanced technology for transit operations, including related equipment or facilities. Applications are due by March 17, 2020.

US DOT Announces Funding Available for INFRA Grants: The Department of Transportation in January announced the availability of more than \$900 million for the FY 20 INFRA discretionary grant program, which is focused on national or regional highway and multimodal freight projects. Large projects that are selected will receive at least \$25 million and small projects at least \$5 million. Eligible project costs may include reconstruction and rehabilitation, acquisition of property, environmental mitigation, equipment acquisition and operational improvements related to system performance. At least 25 percent of the funds will go to rural projects. Applications are due by February 25, 2020.

DOE Announces Funding Available for Sustainable Transportation Research: The Department of Energy in January announced the availability of nearly \$300 million in funding for research and development of sustainable transportation resources and technologies. This includes three funding availability announcements: \$133 million from the Vehicle Technologies Office (VTO) to address priorities in advanced batteries and electrification, advanced engine and fuel technologies, lightweight materials, new mobility technologies and alternative fuels technology demonstrations (Concept papers due Feb. 21); \$64 million from the Fuel Cells Technology Office (FCTO) to address larger scale hydrogen production, storage, transport and use, including for heavy-duty trucks, data centers and steel production (Concept papers due Feb. 25); and \$100 million from the Bioenergy Technologies Office (BETO) to address reducing the prices of drop-in biofuels, lowering the cost of biopower, and enabling high-value products from biomass or waste resources. (Concept papers due April 30).

DOE Launches Energy Storage Grand Challenge: The Department of Energy in January announced the launch of the Energy Storage Grand Challenge, a comprehensive program to accelerate the development, commercialization, and utilization of next-generation energy storage technologies. The program will be managed by DOE’s Research and Technology Investment Committee (RTIC) and will use a coordinated group of R&D funding opportunities, prizes, partnerships, and other programs to pursue a vision of creating and sustaining U.S. global leadership in energy storage utilization with a secure domestic manufacturing supply chain that is independent of foreign sources of critical materials.

Outreach: In January, relevant contacts included majority staff at the Senate Environment & Public Works (EPW) Committee; majority staff at Senate EPW Clean Air Subcommittee and Senate Climate Solutions caucus; minority staff with the House Transportation & Infrastructure Subcommittee on Highways and Transit – all regarding transportation and infrastructure legislation and clean air priorities. Also, multiple contacts with representatives of our Business Coalition group, including staff of the US Chamber of Commerce, the Truck & Engine and Manufacturers Association, the Diesel Technology Forum and others focused primarily on the Cleaner Trucks Initiative.

CASSIDY&ASSOCIATES

733 Tenth Street, N.W., Suite 400
Washington, DC 20001-4886

(202) 347-0773
www.cassidy.com

To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: January 30, 2020
Re: Federal Update

Look Ahead

The Senate trial continues this week. The President's defense counsel completed its counter arguments to the House Democrats' case for impeaching the president and today is the second day of the 16-hour question and answer period. Once the impeachment trial is over, Senate Energy and Natural Resources Committee Chairwoman Murkowski (R-AK) hopes to move another energy package which will include a number of the more than 70 bills advanced out of ENR last year related to clean energy, battery storage, grid security, and energy efficiency.

The House is looking to consider legislation in February related to three major issues. House Democrats have proposed a \$3.4 billion funding bill to help Puerto Rico recover from a series of earthquakes and other recent disasters. Legislation (S-3104) has been introduced in the Senate to address technical problems that would make some categories of federal employees ineligible for the paid parental leave authority that was enacted in late December. They are also likely to consider legislation related to tobacco and vaping.

Congressional Activities in January

Climate and Infrastructure

This week the House Energy and Commerce Committee released [legislative text](#) of the draft Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act to achieve net-zero greenhouse gas pollution by 2050. The bill reauthorizes the Diesel Emissions Reduction Program at \$200 million per year from FY 2021-2030; directs EPA to promulgate GHG emission standards for new passenger cars, light-duty trucks, medium-duty passenger vehicles, and heavy-duty vehicles; and directs the EPA to address emissions from methane slip in engine exhaust.

Yesterday, the Democrats in the House released a [framework](#) for a \$760 billion, five-year infrastructure package that emphasizes clean energy and climate resilience while reauthorizing the surface transportation reauthorization bill that expires September 30. The **House Transportation and Infrastructure Committee** will lead the efforts on reauthorization, however both the House Ways and Means and the House Energy and Commerce (E&C) Committees will be involved in the drafting. Ways

and Means has been tasked with finding a way to pay for the bill and held a hearing yesterday to discuss funding and financing options, and E&C will draft a broadband title for inclusion in the bill.

Government Funding

House Appropriations Chairwoman Nita Lowey (D-NY) and House Democratic Leader Hoyer (D-MD) have indicated that Democrats are discussing the revival of earmarks. Lowey met this week with freshmen and swing-seat Democrats to gauge their interest and seek input on lifting the ban on congressionally directed spending. The Trump Administration is planning to release its FY 2021 Budget on February 10.

House and Senate Committee Action

This week the **House Energy and Commerce Committee** is held a joint subcommittee hearing to examine the impact of wildfires on the power sector and public health. Pacific Gas & Electric CEO, Bill Johnson, is testifying with four additional witnesses. Background memo [here](#).

The **House Natural Resources Committee** held several legislative hearings and markups to consider bills related to fisheries and wildlife, and a hearing in the Subcommittee on Energy and Mineral Resources to consider Rep. Lowenthal's bill, H.R. 5636, the Transparency in Energy Production Act of 2020, which provides for the accurate reporting of fossil fuel extraction and emissions by entities with leases on public land.

The **House Science Committee** held a hearing entitled, "An Update on the Climate Crisis: From Science to Solutions" as well as hearings to examine research related to energy and emerging technologies, such as artificial intelligence and biotechnology.

The **Select Committee on the Climate Crisis** is expected to release its report and recommendations in March 2020 which will likely serve as a springboard for future legislating by House and Senate Democrats on climate change issues. House Republicans will offer a Republican alternative plan that includes 12 bills related to carbon capture, nuclear energy, natural gas, and grid-scale storage R&D.

Introduced Legislation

The following bills related to climate/climate change/environment:

H.R.5641 Incentivizing Value Capture for Greener Transportation Act

Sponsor: Rep. DeSaulnier, Mark [D-CA-11]

Introduced 01/16/2020

Cosponsors: (0)

Committees: House - Transportation and Infrastructure

H.R.5625 Targeting Environmental and Climate Recklessness Act of 2019

Sponsor: Rep. Escobar, Veronica [D-TX-16]

Introduced 01/16/2020

Cosponsors: (1)

Committees: House - Foreign Affairs; Judiciary; Financial Services; Oversight and Reform; Ways and Means

S.3204 FEMA Climate Change Preparedness Act

Sponsor: Sen. Markey, Edward J. [D-MA]

Introduced 01/16/2020

Cosponsors: (0)

Committees: Senate - Homeland Security and Governmental Affairs

H.R.5615 TREES Act To establish a grant program to assist retail power providers with the establishment and operation of energy conservation programs using targeted residential tree-planting programs, and for other purposes.

Sponsor: Rep. Matsui, Doris O. [D-CA-6]

Introduced 01/15/2020

Cosponsors: (6)

Committees: House - Energy and Commerce

H.Res.797 Encouraging the Environmental Protection Agency to maintain and strengthen requirements under the Clean Water Act and reverse ongoing administrative actions to weaken this landmark law and protections for United States waters.

Sponsor: Rep. Dingell, Debbie [D-MI-12]

Introduced 01/14/2020

Cosponsors: (85)

Committees: House - Transportation and Infrastructure

H.R.5558 USA Electrify Forward Act To promote American leadership in vehicle manufacturing, job creation, improved air quality, and climate protection through domestic manufacturing of low- and zero-emission vehicles and development of electric vehicle charging networks, and for other purposes.

Sponsor: Rep. Dingell, Debbie [D-MI-12]

Introduced 01/08/2020

Cosponsors: (0)

Committees: House - Energy and Commerce

Summary of Congressional Outreach

- ❖ Weekly calls with SCAQMD staff.
- ❖ Monitoring Clean Trucks Initiative and ongoing Heavy-Duty NOx rulemaking.
- ❖ Meeting with Energy and Commerce Committee staff.

South Coast AQMD Report for the January 2020 Legislative Meeting covering December 2019
Kadesh & Associates

January:

January featured three weeks in session for the House, but the Senate was dominated by the Impeachment Trial. Unless an agreement on witnesses is found, the trial will likely end on January 31st or February 1st with a largely, if not exclusively, party line vote for acquittal. We assisted the South Coast AQMD executive and government affairs team in shaping and arranging their DC visit for the first week of February to discuss: the Clean Truck Initiative/EPA rule making; the Safer Affordable Fuel Efficient (SAFE) rule; the Surface Transportation Reauthorization/Infrastructure bill and related legislation; and the newly released House Majority infrastructure plan.

House Democrat's released their Infrastructure, Transportation and Environment framework on January 29. According to the House Majority Transportation and Infrastructure Committee, ***MOVING AMERICA AND THE ENVIRONMENT FORWARD: Funding Our Roads, Transit, Rail, Aviation, Broadband, Wastewater and Drinking Water Infrastructure, also known as the Moving Forward Framework*** comprises a 5-year, \$760 billion investment to "get existing infrastructure working again and fund new, transformative projects that will create more than 10 million jobs, while reducing carbon pollution, dramatically improving safety, and spurring economic activity. It's infrastructure investment that is smarter, safer, and made to last."

Modern Highways & Highway Safety Investments — \$329 Billion, including "Dramatically increasing the availability of charging stations and other alternative fueling options for electric and zero-emissions vehicles."
Transit Investment — \$105 Billion, including "Increases investment in zero-emission buses to reduce carbon pollution."

Rail Investments — \$55 Billion, Including "Expands our passenger rail network, giving travelers a reliable, low-carbon option to travel both short and long distances, including to regions that lack frequent or affordable airport service."

Airport Investments — \$30 Billion, including "Incentivizes the development and use of sustainable aviation fuels and new aircraft technologies to reduce the carbon pollution from air travel."

Clean Water & Wastewater Infrastructure — \$50.5 Billion

Water Infrastructure (Flood protection, navigation, etc.) — \$10 Billion

Harbor Infrastructure — \$19.7 Billion

Brownfield Restoration — \$2.7 Billion

Drinking Water — \$25.4 Billion

Clean Energy— \$34.3 Billion, Including, "Invests in electric grid modernization to accommodate more renewable energy and to make the grid more secure, resilient and efficient" and "Supports the development of an electric vehicle charging network to facilitate the transition to zero emissions vehicles from coast to coast."

Public Safety Communications — \$12 Billion

Contacts:

Contacts included staff with House Members who were targeted for meetings the first week of February, committee staff regarding reauthorization of the Surface Transportation bill and Rep. DeSaulnier's staff regarding the Clean Corridors bill.

###

ATTACHMENT 3

RESOLUTE

January 31, 2020

TO: South Coast Air Quality Management District
FROM: David Quintana, Partner - RESOLUTE
RE: Report For January 2020

GENERAL UPDATE:

- January 31st was the deadline to pass any 2-year bills, out of their house of origin.

LEGISLATIVE UPDATE:

- Met with Majority Leader Ian Calderon, with AQMD staff.
- Met with Chairman Eduardo Garcia, with AQMD staff.
- Met with Assemblymember Patrick O'Donnell.
- Met with Legislative Director for Assemblymember Ramos, Katherine Van Horn.



SCAQMD Report
California Advisors, LLC
February 14, 2020 Legislative Committee Hearing

General Update

January brought a flurry of action back to the Capitol. The Governor unveiled his 2020-21 budget on January 10th, where he laid out his priorities for the upcoming year. One of the more troubling items in his budget were the proposed cuts to the AB 617 program related to local air monitoring programs. The Governor’s budget cut both the implementation and incentive dollars from the previous years. However, at the first budget hearings of the year, which were held in the Senate and the Assembly, several legislators in both houses raised these cuts as an issue after having heard from South Coast AQMD on why these cuts hurt communities across the state. In response, the Department of Finance explained the cuts by saying they expected less Greenhouse Gas Reduction Fund revenues than in previous years.

January 31st marked the end of the month “two-year” bill deadline. While there were relatively few bills that moved in January, two notable pieces of legislation dominated most conversations in Sacramento. There was a major housing bill related to increasing production and another proposal related to expanding the state’s recycling program. However, both of those bills failed to secure the votes on the Senate floor to pass. This is just the beginning for both of those issues and the conversations surrounding both issues will continue throughout the year.

As the Legislature moves into February, the focus switches to the February 21st bill introduction deadline. Lawmakers will be introducing hundreds of bills in the coming weeks that will shape this year’s session. Also, February marks the beginning of the budget sub-committee process where both houses begin to break down the budget by issue area.

Elected Officials Contacted on Behalf of SCAQMD:

California Advisors met with the following legislators or their offices on behalf of South Coast Air Quality Management District:

Senate:

Ben Allen (SB 732), Toni Atkins (SB 732), Maria Elena Durazo (SB 732), Lena Gonzalez (SB 732, AB 617 Funding), Anthony Portantino (SB 732)

Assembly:

Wendy Carrillo (SB 732, AB 617 Funding), Cristina Garcia (AB 617 Funding) Anthony Rendon (SB 732, AB 617 Funding), Eloise Reyes (SB 732, AB 617 Funding), Miguel Santiago (SB 732, AB 617 Funding)

2020 Legislative Update

Voting District Authorization for Clean Air Legislation

SB 732 (Allen) was pulled from Senate Appropriations Committee at the request of the author before the bill could be heard in January. We have continued to facilitate stakeholder meetings, build coalition members, and work with South Coast staff on the language.



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. · SUITE 250 · SACRAMENTO, CA 95814-3766

916 441-0597 · FAX 916 441-5081

Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – January 2019

DATE: Thursday, January 30, 2020

The Legislature returned from its fall recess on January 6, 2020 to begin the second year of the 2019-2020 session. Legislators have spent much of January working to hear and pass bills introduced in 2019 that must move out of their house of origin by January 31st to stay alive. While legislators have already started introducing new bills, this process will ramp up significantly as we approach the February 21, 2020 bill introduction deadline.

On January 10, Governor Newsom released his proposed 2020-2021 budget. At \$222 billion, the proposed budget will be the highest on record and includes billions of dollars in new spending commitments for the state.

COSCO SETTLEMENT

On December 18, 2019, the California Air Resources Board (CARB) announced that COSCO Container Lines Co. paid \$965,000 in penalties for violating the Ocean-Going At-Berth Regulation. The violations were discovered during routine audits of the Shanghai-based company's 2014-2017 fleet visits to the Port of Los Angeles/Long Beach and the Port of Oakland.

CARB's investigation revealed that from 2014-2016, COSCO's visits to these ports did not meet operational time limits for at least half of the visits. The fleet also failed to reduce the auxiliary engine power generation by the required 50%. Combined, these failures resulted in 2,401 violations of the Ocean-Going At-Berth Regulation. For the 2017 compliance year, COSCO's Oakland fleet did not meet operational time limits for at least 70% of the fleet's visits, and did not reduce the auxiliary engine power generation by 70% as required, resulting in 211 violations.

To settle the case, COSCO agreed to pay \$965,300 to the Air Pollution Control Fund to support air pollution research, and to comply with all applicable CARB regulations. COSCO also committed to have 100% of its vessels shore-power capable, and early compliance with the 80% reduction requirements before the 2020 deadline stipulated in the Regulation. COSCO cooperated with the investigation and met its commitment for exceeding 80% power reductions in 2018.

Adopted in 2007, the At-Berth Regulation was aimed to reduce emissions from diesel auxiliary engines on container ships, passenger ships and refrigerated-cargo ships while berthing at a California port. Vessel operators can either turn off auxiliary engines and connect to grid-based shore power, or use alternative technologies to comply with the emission reduction requirements of the regulation. The regulation requires a fleet operator to reduce at-berth oxides of nitrogen (NOx) and particulate matter (PM) emissions from its vessels' auxiliary engines in port by at least 80% by 2020.

GOVERNOR NEWSOM'S JANUARY BUDGET PROPOSAL

On January 10, 2020, Governor Newsom released his \$222.2 billion state budget proposal for 2020-21. The proposed Budget continues to grow the reserves in the Rainy-Day Fund and assumes an additional transfer of nearly \$2 billion in 2020-21 and an additional \$1.4 billion over the remainder of the three-year forecast period. The Rainy-Day Fund balance is projected to be \$18 billion in 2020-21 and \$19.4 billion by 2023-24. The proposed Budget also maintains \$900 million in the Safety Net Reserve, sets aside \$110 million more in the Public-School System Stabilization Account, and reserves \$1.6 billion in the Special Fund for Economic Uncertainties to address emergencies and other unforeseen events. Overall, the Budget has \$21 billion set aside in reserves.

The budget proposal keeps Affordable Housing and Homelessness at the top of the Governor's priority list by proposing \$500 million for the state's housing tax credit program, \$1 billion for the California Access to Housing and Services Fund, and a host of proposals that would streamline processes to accelerate housing production. In addition to housing and homelessness, the Governor proposed Budget includes a comprehensive approach to California's investments to protect the state's environment, address the effects of climate change, and promote resiliency. The climate budget includes \$12 billion over the next five years. Three key areas of the climate budget are a proposed climate resilience bond, cap-and-trade expenditures to continue the transition to a carbon-neutral economy, and a new Climate Catalyst Fund to promote the deployment of new technologies, especially by small businesses and emerging industries.

The Climate Catalyst Fund, which will be administered by the Infrastructure and Economic Development Bank, will finance investments in low-carbon transportation, sustainable agriculture and waste diversion through low-interest loans. The Budget proposes to capitalize the Fund with \$1 billion from the General Fund over the next four years. The Fund will have a revolving loan structure that will leverage private capital and will support projects well into the future. It will be designed to support good jobs and a just transition to achieving California's climate goals.

The Governor's proposed budget does include funding for AB 617, however, the funding was reduced from the amount that was dedicated last year. In last year's budget, the Legislature and Governor allocated \$50 million for implementation activities statewide and \$245 million for incentive programs. However, this year, the Governor's budget only includes \$25 million for implementation and \$200 million for incentive programs statewide. These cuts come at a terrible time as CARB identified 2 new communities within the SCAQMD, bringing the total number of communities within SCAQMD to 5.

The cuts to air quality programs did not stop there. The Governor also cut the Clean Vehicle Rebate Program (CVRP) from \$238 million to \$125 million. The CVRP promotes the purchase of clean vehicles by offering rebates of up to \$7,000 for the purchase or lease of new, eligible zero-emission vehicles, including electric, plug-in hybrid electric and fuel cell vehicles. Additionally, the Governor's Budget proposal also included a cut to the Clean Trucks, Buses & Off-Road Freight Equipment Program from \$182 million to \$150 million. The Clean Trucks Program funds zero- and near-zero emission truck, bus, and off-road vehicle and equipment technologies.

Our firm has been working very closely with your staff and Legislators on restoring the funds to these programs. We are confident that the Legislature will continue to make funding these programs a priority in the State Budget and we will continue to work closely with them and keep you apprised.

LOW CARBON FUEL STANDARD

The Low Carbon Fuel Standard (LCFS) began in 2011 and is designed to lower the carbon intensity in fuels by assessing each step in their production, from extraction to combustion. Fuels are compared to an annually declining baseline. If a fuel has a carbon intensity above that baseline it generates a deficit for the producer. If the intensity is below the baseline it can generate credits which may then be sold to a producer who has a deficit.

California's Low Carbon Fuel Standard has supported an innovative revolution in alternative fuels. Those fuels have replaced more than 2.5 billion gallons of petroleum fuel in the past 12 months, providing Californians with cleaner alternatives. Today CARB released a list of certified, third party verifiers who will provide the next level of program quality control.

The LCFS regulation steadily drives down the carbon intensity of transportation fuels sold in California, resulting in cleaner fuels. Third-party verification provides an additional check that program data is complete and accurate, and that credits generated under the program represent additional and enforceable emission reductions. CARB-certified training is consistent with the stringent verification program under California's Cap-and-Trade Program and with international best practices.

2020 LEGISLATIVE CALENDAR:

February Deadlines

Feb. 17 Presidents' Day.

Feb. 21 Last day for bills to be **introduced** (J.R. 61(b)(4), J.R. 54(a)).

March Deadlines

Mar. 27 Cesar Chavez Day observed.

April Deadlines

Apr. 2 Spring Recess begins upon adjournment (J.R. 51(b)(1)).

Apr. 13 Legislature reconvenes from Spring Recess (J.R. 51(b)(1)).

Apr. 24 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

May Deadlines

May 1 Last day for **policy committees** to meet and report to the floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).

May 8 Last day for **policy committees** to meet prior to June 1 (J.R. 61(b)(7)).

May 15 Last day for **fiscal committees** to hear and report to the **floor** bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 1 (J.R. 61 (b)(9)).

May 25 Memorial Day.

May 26-May 29 Floor session only. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(10)).

May 29 Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).

June Deadlines

June 1 Committee meetings may resume (J.R. 61(b)(12)).

June 15 Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)).

June 25 Last day for a legislative measure to qualify for the Nov. 3 General Election ballot (Elections Code Sec. 9040).

June 26 Last day for **policy committees** to hear and report fiscal bills to fiscal committees (J.R. 61(b)(13)).

July Deadlines

July 2 Last day for **policy committees** to meet and report bills (J.R. 61(b)(14)).

Summer Recess begins upon adjournment, provided Budget Bill has been passed (J.R. 51(b)(2)).

July 3 Independence Day observed.

August Deadlines

Aug. 3 Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).

Aug. 14 Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(15)).

Aug. 17-31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees (J.R. 61(b)(16)).

Aug. 21 Last day to **amend** bills on the floor (J.R. 61(b)(17)).

Aug. 31 Last day for each house to pass bills (Art. IV, Sec 10(c), J.R. 61(b)(18)). Final Recess begins upon adjournment (J.R. 51(b)(3)).