

BOARD MEETING DATE: May 5, 2023

AGENDA NO. 17

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting remotely on Friday, April 14, 2023. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file.

Michael A. Cacciotti, Chair
Legislative Committee

DJA:LTO:PFC:DPG:ar

Committee Members

Present: Councilmember Michael A. Cacciotti, Chair
Mayor Patricia Lock Dawson
Supervisor Curt Hagman
Supervisor V. Manuel Perez
Councilmember Nithya Raman
Councilmember José Luis Solache

Absent: None

Call to Order

Chair Michael Cacciotti called the meeting to order at 9:05 a.m.

DISCUSSION/ACTION ITEMS:

1. Update on 2023 South Coast AQMD-Sponsored State Legislation

Derrick Alatorre, Deputy Executive Officer/Legislative, Public Affairs & Media (LPAM), presented an update regarding the following 2023 South Coast AQMD-sponsored state legislation:

- SB 849 (Stern) - Goods Movement-Related Port Cargo Fee;
- AB 1609 (Garcia) - AB 2766 DMV Fee Increase;
- AB 849 (Garcia) - AB 617 Policy Changes; and
- SB 563 (Archuleta) - Independent Special District Status for Air Districts.

Supervisor Hagman stated that the California Trucking Association contacted his office in opposition to SB 849 (Stern).

Supervisor Perez inquired about the two-thirds vote requirement for AB 1609 (Garcia). Mr. Alatorre responded that a two-thirds vote is required by Proposition 26. Supervisor Perez inquired as to whether polling was done for the bill to determine public opinion. Mr. Alatorre responded that no polling was conducted.

Supervisor Perez asked which state agencies would be required to participate in Community Emission Reduction Plan process under AB 849 (Garcia). Philip Crabbe III, Senior Public Affairs Manager, Legislative, Public Affairs & Media, provided examples and responded that the state agencies vary depending on the issues facing AB 617 communities. Supervisor Perez inquired about the bill's fiscal impact. Mr. Alatorre responded that the bill would provide \$3 million per year statewide for AB 617 Community Steering Committee administrative costs to be administered by CARB.

Councilmember Raman inquired about the new fees proposed in AB 1609 (Garcia). Mr. Alatorre responded that the new fee is an additional \$4 with an annual increase based on the Consumer Price Index.

Chair Cacciotti asked how much funding is generated by the AB 2766 program for cities and counties. Mr. Alatorre responded that he will provide this information at the next Committee meeting. Chair Cacciotti commented that AB 2766 funding for cities and counties should be highlighted in outreach efforts. Sarah Rees, Deputy Executive Officer/Planning, Rule Development and Implementation, commented that outreach and training is conducted on an ongoing basis to raise awareness and provide information about the AB 2766 Program.

For additional information, please refer to the [Webcast](#) beginning at 11:05.

Harvey Eder, Public Solar Power Coalition, provided public comment on SB 563 (Archuleta).

DISCUSSION ITEMS:

2. Update and Discussion on Federal Legislative Issues

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

Ben Miller, Kadesh & Associates, referred to his written report as the House and Senate have been in recess.

Gary Hoistma, Carmen Group and Jed Dearborn, Cassidy and Associates also referred to their written reports.

Supervisor Perez was disappointed that the consultants did not provide an oral report and referred to their written reports and asked for highlights on federal issues. Mr. Hoitsma stated that there are several federal grant opportunities, including for electric charging infrastructure and noted Department of Energy efforts related to hydrogen.

For more information, please refer to the [Webcast](#) beginning at 28:03.

There was no public comment.

3. Update and Discussion on State Legislative Issues

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

Paul Gonsalves, Joe A. Gonsalves & Son, Jarell Cook, Resolute, and Ross Buckley, California Advisors, LLC, all referred to their written reports.

Supervisor Perez requested that for future meetings, if consultants have no update, they should provide at least one highlight from their written report.

Mr. Buckley reported on an incident in the Capitol which required an evacuation but was resolved without incident.

Mayor Lock Dawson inquired if the state budget deficit could impact funding for air quality programs. Mr. Gonsalves responded that all programs are at risk. The Governor and Legislature are working on balancing the budget through funding cuts and the use of reserve funding.

Councilmember Solache inquired about opportunities for Board Member involvement in legislative outreach efforts. Mr. Alatorre responded that there are opportunities available at the state and federal level. Mayor Lock Dawson commented that there is a benefit to having Board Members testify at legislative hearings.

For more information, please refer to the [Webcast](#) beginning at 30:19.

There was no public comment.

OTHER MATTERS:

4. Other Business

There was no other business to report.

5. Public Comment Period

There was no public comment to report.

6. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, May 12, 2023, at 11:30 a.m.

Adjournment

The meeting adjourned at 9:43 a.m.

Attachments

1. Attendance Record
2. South Coast AQMD-Sponsored State Legislation
3. Update on Federal Legislative Issues – Written Reports
4. Update on State Legislative Issues – Written Reports

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – April 14, 2023

Councilmember Michael Cacciotti.....	South Coast AQMD Board Member
Mayor Patricia Lock Dawson	South Coast AQMD Board Member
Supervisor Curt Hagman	South Coast AQMD Board Member
Supervisor V. Manuel Perez	South Coast AQMD Board Member
Councilmember Nithya Raman.....	South Coast AQMD Board Member
Councilmember José Luis Solache.....	South Coast AQMD Board Member
Guillermo Gonzalez	Board Consultant (Perez)
Debra Mendelsohn	Board Consultant (McCallon)
Mark Taylor	Board Consultant (Rodriguez)
Amy Wong.....	Board Consultant (Padilla-Campos)
Ross Buckley	California Advisors, LLC
Jarrell Cook.....	Resolute
Jed Dearborn	Cassidy & Associates
Paul Gonsalves	Joe A. Gonsalves & Son
Gary Hoitsma	Carmen Group, Inc.
Mark Kadesh.....	Kadesh & Associates
Ben Miller.....	Kadesh & Associates
Mark Abramowitz	Public
Vanessa Bautista	Public
Laurence Brown	Public
Alan Caldwell	Public
Harvey Eder	Public
Thomas Jelenic.....	Public
Fred Minassian	Public
Bill La Marr	Public
Erick Martell	Public
Bridget McCann.....	Public
Jacqueline Moore	Public
Bill Quinn	Public
Derrick Alatorre	South Coast AQMD Staff
Debra Ashby	South Coast AQMD Staff
Barbara Baird.....	South Coast AQMD Staff
Cindy Bustillos.....	South Coast AQMD Staff
BreTania Chase-Young	South Coast AQMD Staff
Philip Crabbe	South Coast AQMD Staff
Sindy Enriquez.....	South Coast AQMD Staff
Scott Gallegos	South Coast AQMD Staff
Bayron Gilchrist.....	South Coast AQMD Staff
Sheri Hanizavareh	South Coast AQMD Staff
Anissa Cessa Heard-Johnson	South Coast AQMD Staff
Mark Henninger	South Coast AQMD Staff
Aaron Katzenstein	South Coast AQMD Staff
Alicia Lizarraga.....	South Coast AQMD Staff
Ron Moskowitz.....	South Coast AQMD Staff

Susan Nakamura..... South Coast AQMD Staff
Wayne Nastri South Coast AQMD Staff
Denise Peralta Gailey South Coast AQMD Staff
De Groeneveld South Coast AQMD Staff
Sarah Rees South Coast AQMD Staff
Mary Reichert South Coast AQMD Staff
Aisha Reyes South Coast AQMD Staff
Lisa Tanaka O'Malley South Coast AQMD Staff
Elizabeth Vega South Coast AQMD Staff
Mei Wang South Coast AQMD Staff
Emily Yen..... South Coast AQMD Staff
Victor Yip..... South Coast AQMD Staff

ATTACHMENT 2A

AMENDED IN ASSEMBLY MARCH 16, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 1609

Introduced by Assembly Member Garcia

February 17, 2023

An act to amend ~~Section~~ *Sections 44225 and 44229* of the Health and Safety Code, and to add *Section 9250.3* to the Vehicle Code, relating to ~~air pollution~~: *pollution, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1609, as amended, Garcia. Air pollution: motor vehicles: ~~district fees~~: *vehicle registration: pollution reduction.*

(1) Existing law requires a registration fee to be paid to the Department of Motor Vehicles for the registration of each vehicle or trailer coach of a type subject to registration under the Vehicle Code, except those vehicles that are expressly exempted from the payment of registration fees. Existing law, until January 1, 2024, increases vehicle registration fees by \$3 and requires revenues from those fees to be used, upon appropriation by the Legislature, for programs to reduce air pollution from motor vehicles.

This bill would impose an additional annual \$4 charge on each motor vehicle registered in the state except those vehicles that are expressly exempted from the payment of registration fees, thereby imposing a tax. The bill would require the department to collect the charge and deposit revenues from the charge in the Air Quality Improvement Fee Fund, which the bill would create. The bill would continuously appropriate the revenues in the fund to the department for distribution upon request to air pollution control districts and air quality management districts based upon the amount of the charges collected from motor vehicles

registered within each air district, thereby creating an appropriation. The bill would require these revenues to be used for the reduction of air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies, as specified, or for the attainment or maintenance of state or federal ambient air quality standards or the reduction of toxic air contaminant emissions from motor vehicles. The bill would also authorize the department to withhold up to 1% of the annual revenues collected from the charge to cover its administrative costs. The bill would require the charge to be increased annually based on the California Consumer Price Index, as specified.

Existing

(2) Existing law authorizes an air pollution control or air quality management district, except the Sacramento district, to levy a surcharge of up to \$6 on the registration fees for motor vehicles registered in the air district, as specified by the governing body of the air district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by an air district, and requires the department, after deducting its administrative costs, to distribute the revenues to the air districts. Existing law, until January 1, 2034, ~~raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer Memorial Air Quality Standards Attainment Program, among other programs. authorizes a \$2 increment of that surcharge to be used for the reduction of air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies, as specified, or for the attainment or maintenance of state or federal ambient air quality standards or the reduction of toxic air contaminant emissions from motor vehicles.~~

This bill would ~~make a nonsubstantive change to the provision that authorizes the increase in the fee until January 1, 2034. authorize that increment to be used for both of those purposes indefinitely.~~

(3) This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

Vote: ~~majority~~ ^{$\frac{2}{3}$} . Appropriation: ~~no~~^{yes}. Fiscal committee: ~~no~~^{no} yes. State-mandated local program: no.

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

1 **SECTION 1.** *Section 44225 of the Health and Safety Code, as*
2 *amended by Section 4 of Chapter 355 of the Statutes of 2022, is*
3 *amended to read:*

4 44225. (a) A district may increase the fee established under
5 Section 44223 to up to four dollars (\$4). A district may increase
6 the fee only if both of the following conditions are met:

7 (1) A resolution providing for both the fee increase and a
8 corresponding program for expenditure of the increased fees for
9 the reduction of air pollution from motor vehicles pursuant to, and
10 for related planning, monitoring, enforcement, and technical studies
11 necessary for the implementation of, the California Clean Air Act
12 of 1988 (Chapter 1568 of the Statutes of ~~1988~~ 1988), or for the
13 attainment or maintenance of state or federal ambient air quality
14 standards or the reduction of toxic air contaminant emissions from
15 motor vehicles, is adopted and approved by the governing board
16 of the district.

17 (2) In districts with nonelected officials on their governing
18 boards, the resolution shall be adopted and approved by both a
19 majority of the governing board and a majority of the board
20 members who are elected officials.

21 (b) An increase in fees established pursuant to this section shall
22 become effective on either April 1 or October 1, as provided in
23 the resolution adopted by the board pursuant to subdivision (a).

24 (c) This section shall become operative on January 1, 2034.

25 **SEC. 2.** *Section 44229 of the Health and Safety Code, as*
26 *amended by Section 6 of Chapter 355 of the Statutes of 2022, is*
27 *amended to read:*

28 44229. (a) After deducting all administrative costs it incurs
29 through collection of fees pursuant to Section 44227, the
30 Department of Motor Vehicles shall distribute the revenues to
31 districts, which shall use the fees to reduce air pollution from motor
32 vehicles and to carry out related planning, monitoring, enforcement,
33 and technical studies necessary for implementation of the California
34 Clean Air Act of 1988 (Chapter 1568 of the Statutes of ~~1988~~
35 1988), or for the attainment or maintenance of state or federal
36 ambient air quality standards or the reduction of toxic air
37 contaminant emissions from motor vehicles. Fees collected by the
38 Department of Motor Vehicles pursuant to this chapter shall be

1 distributed to districts based upon the amount of fees collected
2 from motor vehicles registered within each district.

3 (b) The Department of Motor Vehicles may annually expend
4 not more than the following percentages of the fees collected
5 pursuant to Section 44227 on administrative costs:

6 (1) During the first year after the operative date of this chapter,
7 not more than 5 percent of the fees collected may be used for
8 administrative costs.

9 (2) During the second year after the operative date of this
10 chapter, not more than 3 percent of the fees collected may be used
11 for administrative costs.

12 (3) During any year subsequent to the second year after the
13 operative date of this chapter, not more than 1 percent of the fees
14 collected may be used for administrative costs.

15 (c) This section shall become operative on January 1, 2034.

16 *SEC. 3. Section 44229 of the Health and Safety Code, as*
17 *amended by Section 7 of Chapter 355 of the Statutes of 2022, is*
18 *amended to read:*

19 44229. (a) After deducting all administrative costs it incurs
20 through collection of fees pursuant to Section 44227, the
21 Department of Motor Vehicles shall distribute the revenues to
22 districts, which shall use the revenues resulting from the first four
23 dollars (\$4) of each fee imposed *pursuant to Sections 44223 and*
24 *44225 to reduce air pollution from motor vehicles and to carry out*
25 *related planning, monitoring, enforcement, and technical studies*
26 *necessary for implementation of the California Clean Air Act of*
27 *1988 (Chapter 1568 of the Statutes of ~~1988~~: 1988), or for the*
28 *attainment or maintenance of state or federal ambient air quality*
29 *standards or the reduction of toxic air contaminant emissions from*
30 *motor vehicles. Fees collected by the Department of Motor*
31 *Vehicles pursuant to this chapter shall be distributed to districts*
32 *based upon the amount of fees collected from motor vehicles*
33 *registered within each district.*

34 (b) Notwithstanding Sections 44241 and 44243, a district shall
35 use the revenues resulting from the next two dollars (\$2) of each
36 fee imposed pursuant to *Section 44225 and collected pursuant to*
37 *Section 44227 to implement the following programs that the district*
38 *determines remediate air pollution harms created by motor vehicles*
39 *on which the surcharge is imposed:*

1 (1) Projects eligible for grants under the Carl Moyer Memorial
2 Air Quality Standards Attainment Program (Chapter 9
3 (commencing with Section 44275) of Part 5).

4 (2) The new purchase, retrofit, repower, or add-on equipment
5 for previously unregulated agricultural sources of air pollution, as
6 defined in Section 39011.5, for a minimum of three years from
7 the date of adoption of an applicable rule or standard, or until the
8 compliance date of that rule or standard, whichever is later, if the
9 state board has determined that the rule or standard complies with
10 Sections 40913, 40914, and 41503.1, after which period of time,
11 a new purchase, retrofit, repower, or add-on of equipment shall
12 not be funded pursuant to this chapter. The districts shall follow
13 any guidelines developed under subdivision (a) of Section 44287
14 for awarding grants under this program.

15 (3) The purchase of new schoolbuses or the repower or retrofit
16 of emissions control equipment for existing schoolbuses pursuant
17 to the Lower-Emission School Bus Program adopted by the state
18 board.

19 (4) An accelerated vehicle retirement or repair program that is
20 adopted by the state board pursuant to authority granted hereafter
21 by the Legislature by statute.

22 (5) The replacement of onboard natural gas fuel tanks on
23 schoolbuses that are 14 years or older or the enhancement of
24 deteriorating natural gas fueling dispensers of fueling infrastructure,
25 pursuant to the Lower-Emission School Bus Program adopted by
26 the state board.

27 (6) The funding of alternative fuel and electric infrastructure
28 projects solicited and selected through a competitive bid process.

29 (c) The Department of Motor Vehicles may annually expend
30 not more than 1 percent of the fees collected pursuant to Section
31 44227 on administrative costs.

32 (d) A project funded by the program shall not be used for credit
33 under any state or federal emissions averaging, banking, or trading
34 program. An emission reduction generated by the program shall
35 not be used as marketable emission reduction credits or to offset
36 any emission reduction obligation of any person or entity. Projects
37 involving new engines that would otherwise generate marketable
38 credits under state or federal averaging, banking, and trading
39 programs shall include transfer of credits to the engine end user
40 and retirement of those credits toward reducing air emissions in

1 order to qualify for funding under the program. A purchase of a
 2 low-emission vehicle or of equipment pursuant to a corporate or
 3 a controlling board’s policy, but not otherwise required by law,
 4 shall generate surplus emissions reductions and may be funded by
 5 the program.

6 (e) This section shall remain in effect only until January 1, 2034,
 7 and as of that date is repealed, unless a later enacted statute, that
 8 is enacted before January 1, 2034, deletes or extends that date.

9 *SEC. 4. Section 9250.3 is added to the Vehicle Code, to read:*

10 9250.3. (a) *In addition to any other fees specified in this code,*
 11 *the Health and Safety Code, or the Revenue and Taxation Code,*
 12 *an annual air quality improvement fee of four dollars (\$4),*
 13 *beginning on January 1, 2024, is hereby imposed on each motor*
 14 *vehicle registered in the state except those vehicles expressly*
 15 *exempted under this code from the payment of registration fees.*

16 (b) *The department shall collect the fee imposed pursuant to*
 17 *subdivision (a) at the same time and in the same manner as the*
 18 *department collects the vehicle registration fee pursuant to Section*
 19 *9250.*

20 (c) *The department shall deposit the revenues collected pursuant*
 21 *to subdivision (b) in the Air Quality Improvement Fee Fund, which*
 22 *is hereby created in the State Treasury. Notwithstanding Section*
 23 *13340 of the Government Code, the moneys in the fund are*
 24 *continuously appropriated to the department without regard to*
 25 *fiscal years for distribution pursuant to subdivision (d).*

26 (d) (1) *Before distributing the moneys in the Air Quality*
 27 *Improvement Fee Fund to districts pursuant to paragraph (2), the*
 28 *department may withhold up to 1 percent of the annual revenues*
 29 *collected pursuant to subdivision (b) to cover its administrative*
 30 *costs relating to the collection of the air quality improvement fee*
 31 *and distribution of the revenues from that fee.*

32 (2) *The department shall distribute revenues collected pursuant*
 33 *to subdivision (b) upon request to districts based upon the amount*
 34 *of fees collected from motor vehicles registered within each district.*

35 (e) (1) *The South Coast Air Quality Management District shall*
 36 *allocate the revenues distributed to it pursuant to subdivision (d)*
 37 *in a manner consistent with Sections 44243 and 44244 of the*
 38 *Health and Safety Code.*

39 (2) *The Bay Area Air Quality Management District shall allocate*
 40 *the revenues distributed to it pursuant to subdivision (d) in a*

1 *manner consistent with Section 44241 of the Health and Safety*
2 *Code.*

3 *(f) The revenues from the fees distributed to a district pursuant*
4 *to this section shall be used to reduce or mitigate air pollution*
5 *from motor vehicles and for related planning, monitoring,*
6 *enforcement, and technical studies necessary for the*
7 *implementation of the California Clean Air Act of 1988 (Chapter*
8 *1568 of the Statutes of 1988), or for the attainment or maintenance*
9 *of state or federal ambient air quality standards or the reduction*
10 *or mitigation of toxic air contaminant emissions from motor*
11 *vehicles.*

12 *(g) The fees established pursuant to this section shall be*
13 *increased annually based on the California Consumer Price Index*
14 *as compiled and reported by the Department of Industrial*
15 *Relations.*

16 *(h) For purposes of this section, “district” has the same meaning*
17 *as defined in Section 39025 of the Health and Safety Code.*

18 ~~SECTION 1. Section 44225 of the Health and Safety Code, as~~
19 ~~amended by Section 5 of Chapter 355 of the Statutes of 2022, is~~
20 ~~amended to read:~~

21 ~~44225. (a) A district may increase the fee established under~~
22 ~~Section 44223 to up to six dollars (\$6). A district may increase the~~
23 ~~fee only if both of the following conditions are met:~~

24 ~~(1) A resolution providing for both the fee increase and a~~
25 ~~corresponding program for expenditure of the increased fees for~~
26 ~~the reduction of air pollution from motor vehicles pursuant to, and~~
27 ~~for related planning, monitoring, enforcement, and technical studies~~
28 ~~necessary for the implementation of, the California Clean Air Act~~
29 ~~of 1988 (Chapter 1568 of the Statutes of 1988), or for the~~
30 ~~attainment or maintenance of state or federal ambient air quality~~
31 ~~standards or the reduction of toxic air contaminant emissions from~~
32 ~~motor vehicles, is adopted and approved by the governing board~~
33 ~~of the district.~~

34 ~~(2) In districts with nonelected officials on their governing~~
35 ~~boards, the resolution shall be adopted and approved by both a~~
36 ~~majority of the governing board and a majority of the board~~
37 ~~members who are elected officials.~~

38 ~~(b) An increase in fees established pursuant to this section shall~~
39 ~~become effective on either April 1 or October 1, as provided in~~
40 ~~the resolution adopted by the board pursuant to subdivision (a).~~

- 1 (e) ~~This section shall remain in effect only until January 1, 2034,~~
- 2 ~~and as of that date is repealed.~~

O

ATTACHMENT 2B

AMENDED IN ASSEMBLY MARCH 29, 2023

AMENDED IN ASSEMBLY MARCH 15, 2023

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 849

Introduced by Assembly Member Garcia

February 14, 2023

An act to amend Section 44391.2 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 849, as amended, Garcia. Community emissions reduction programs.

Existing law requires the State Air Resources Board to prepare, and to update at least once every 5 years, a statewide strategy to reduce emissions of toxic air contaminants and criteria air pollutants in communities affected by a high cumulative exposure burden. Existing law requires the state board to include in the statewide strategy, among other components, an assessment and identification of communities with high cumulative exposure burdens for toxic air contaminants and criteria air pollutants, prioritizing disadvantaged communities and sensitive receptor locations based on specified factors. Existing law requires the state board, based on the assessment and identification of communities with high cumulative exposure burdens, to select locations around the state for preparation of community emissions reduction programs. Existing law requires an air district encompassing any location selected by the state board to adopt, in consultation with the state board, within one year of the state board's selection, a community emissions reduction program to achieve emissions reductions for the location

selected using cost-effective measures, as specified. Existing law also requires an air district to submit the community emissions reduction program to the state board for review and approval as prescribed. Existing law requires the air district and the state board to implement and enforce the measures in the community emissions reduction program consistent with their respective authority.

This bill would additionally require the air district, in adopting a community emissions reduction program, to consult with other relevant state agencies. By imposing additional duties on air districts, this bill would impose a state-mandated local program. *The bill would, for a community emissions reduction program adopted by an air district and approved by the state board that includes a measure that is not within the authority of the air district or the state board, authorize the state board to assign the measure to the state agency with authority over the measure. The bill would require ~~other relevant state agencies~~ a state agency to implement and enforce ~~measures~~ the measure assigned to them as a part of the community emissions reduction program it unless the relevant state agency finds that ~~those measures are~~ the measure is infeasible at a public meeting of its governing body, or, for an agency without a governing body, if the highest ranking officer of the agency finds and declares in writing, after allowing a 30-day opportunity for public comment, that the ~~measures are~~ measure is infeasible.*

Existing law requires the state board to provide grants to community-based organizations for technical assistance and to support community participation in the implementation of the community emissions reduction program. In the implementation of the requirement for community participation, various air districts have established community steering committees for each location selected by the state board for the preparation of a community emissions reduction program.

This bill would specify that grants provided, to the extent the Legislature appropriates funds specifically for this purpose, include allocations of funds to serve as a budget for the committee of persons who are designated by a district to participate in the development and adoption of a community emissions reduction program for administrative items, which includes, but is not limited to, translation services, meeting venue, meeting coordination, training, and stipends, as authorized by the district, for members of the committee.

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 with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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 44391.2 of the Health and Safety Code
2 is amended to read:

3 44391.2. (a) For purposes of this section, the following
4 provisions shall apply:

5 (1) “Disadvantaged community” means a community identified
6 as disadvantaged pursuant to Section 39711.

7 (2) “Sensitive receptors” includes the same locations as specified
8 in paragraph (5) of subdivision (a) of Section 42705.5.

9 (b) On or before October 1, 2018, the state board shall prepare,
10 in consultation with the Scientific Review Panel on Toxic Air
11 Contaminants, the districts, the Office of Environmental Health
12 Hazard Assessment, environmental justice organizations, affected
13 industry, and other interested stakeholders, a statewide strategy to
14 reduce emissions of toxic air contaminants and criteria air
15 pollutants in communities affected by a high cumulative exposure
16 burden. The state board shall update the statewide strategy at least
17 once every five years. In preparing the statewide strategy, the state
18 board shall conduct at least one public workshop in each of the
19 northern, central, and southern parts of the state. The statewide
20 strategy shall include criteria for the development of community
21 emissions reduction programs. The criteria presented in the
22 statewide strategy shall include, but are not limited to, all of the
23 following:

24 (1) An assessment and identification of communities with high
25 cumulative exposure burdens for toxic air contaminants and criteria
26 air pollutants. The assessment shall prioritize disadvantaged
27 communities and sensitive receptor locations based on one or more
28 of the following: best available modeling information, existing air
29 quality monitoring information, existing public health data based

1 on consultation with the Office of Environmental Health Hazard
2 Assessment, and the monitoring results obtained pursuant to
3 Section 42705.5.

4 (2) A methodology for assessing and identifying the contributing
5 sources or categories of sources, including, but not limited to,
6 stationary and mobile sources, and an estimate of their relative
7 contribution to elevated exposure to air pollution in impacted
8 communities identified pursuant to paragraph (1).

9 (3) An assessment of whether a district should update and
10 implement the risk reduction audit and emissions reduction plan
11 developed pursuant to Section 44391 for any facility to achieve
12 emissions reductions commensurate with its relative contribution,
13 if the facility's emissions either cause or significantly contribute
14 to a material impact on a sensitive receptor location or
15 disadvantaged community, based on any data available for
16 assessment pursuant to paragraph (1) or other relevant data.

17 (4) An assessment of the existing and available measures for
18 reducing emissions from the contributing sources or categories of
19 sources identified pursuant to paragraph (2), including, but not
20 limited to, best available control technology, as defined in Section
21 40405, best available retrofit control technology, as defined in
22 Section 40406, and best available control technology for toxic air
23 contaminants, as defined in Section 39666.

24 (c) (1) Based on the assessment and identification pursuant to
25 paragraph (1) of subdivision (b), the state board shall select,
26 concurrent with the statewide strategy, locations around the state
27 for preparation of community emissions reduction programs. The
28 state board shall select additional locations annually thereafter, as
29 appropriate.

30 (2) (A) Within one year of the state board's selection, the
31 district encompassing any location selected pursuant to this
32 subdivision shall adopt, in consultation with the state board, other
33 relevant state agencies, individuals, community-based
34 organizations, affected sources, and local governmental bodies in
35 the affected community, a community emissions reduction program
36 to achieve emissions reductions for the location selected using
37 cost-effective measures identified pursuant to paragraph (4) of
38 subdivision (b).

39 (B) A district, with the agreement of the state board and a
40 majority of the persons who are designated by the district to

1 participate in the development and adoption of the community
2 emissions reduction program, may take up to one additional year
3 to adopt a community emissions reduction program pursuant to
4 subparagraph (A).

5 (3) The community emissions reduction programs shall be
6 consistent with the statewide strategy and include emissions
7 reduction targets, specific reduction measures, a schedule for the
8 implementation of measures, and an enforcement plan.

9 (4) The community emissions reduction programs shall be
10 submitted to the state board for review and approval within 60
11 days of the receipt of the program. Programs that are rejected shall
12 be resubmitted within 30 days. To the extent that a program, in
13 whole or in part, is not approvable, the state board shall initiate a
14 public process to discuss options for achieving an approvable
15 program. Concurrent with the public process to achieve an
16 approvable program, the state board shall develop and implement
17 the applicable mobile source elements in the draft program to
18 commence achievement of emissions reductions.

19 (5) The community emissions reduction programs shall result
20 in emissions reductions in the community, based on monitoring
21 or other data.

22 (6) In implementing a community emissions reduction program,
23 ~~the district, district and the state board, and other relevant state~~
24 ~~agencies board~~ shall be responsible for measures consistent with
25 their respective authorities. *If the community emissions reduction*
26 *program adopted by the district and approved by the state board*
27 *includes a measure that is not within the authority of the district*
28 *or the state board, the state board may assign the measure to the*
29 *state agency with authority over the measure. A relevant state*
30 *agency shall implement the measures measure assigned to it as a*
31 *part of the community emissions reduction program unless that*
32 *agency finds that those measures are the measure is infeasible at*
33 *a public meeting of its governing body, or, for an agency without*
34 *a governing body, if the highest ranking officer of the agency finds*
35 *and declares in writing, after allowing a 30-day opportunity for*
36 *public comment, that the measures are measure is infeasible.*

37 (7) A district encompassing a location selected pursuant to this
38 subdivision shall prepare an annual report summarizing both of
39 the following:

1 (A) The results and actions taken to further reduce emissions
2 pursuant to the community emissions reduction program.

3 (B) Updates to the community emissions reduction program
4 made to ensure consistency with updates to the statewide strategy
5 prepared pursuant to subdivision (b).

6 (8) Compliance with a community emissions reduction program
7 prepared pursuant to this section, including its implementation,
8 shall be enforceable by the district, state board, and other relevant
9 state agencies, as applicable. ~~A relevant state agency to which a~~
10 ~~measure is assigned pursuant to paragraph (6) shall enforce the~~
11 ~~measures assigned to it as a part of the community emissions~~
12 ~~reduction program measure unless that agency finds that those~~
13 ~~measures are the measure is infeasible at a public meeting of its~~
14 governing body, or, for an agency without a governing body, if
15 the highest ranking officer of the agency finds and declares in
16 writing, after allowing a 30-day opportunity for public comment,
17 that the ~~measures are~~ *measure is* infeasible.

18 (d) The state board shall provide grants to community-based
19 organizations for technical assistance and to support community
20 participation in the implementation of this section and Section
21 42705.5, including providing the committee of persons who are
22 designated by a district to participate in the development and
23 adoption of a community emissions reduction program for each
24 location selected pursuant to this subdivision an allocation of funds
25 to serve as a budget for administrative items, to the extent the
26 Legislature appropriates funds specifically for this purpose,
27 including, but not limited to, translation services, meeting venue,
28 meeting coordination, training, and stipends, as authorized by the
29 district, for members of the committee.

30 SEC. 2. No reimbursement is required by this act pursuant to
31 Section 6 of Article XIII B of the California Constitution because
32 a local agency or school district has the authority to levy service
33 charges, fees, or assessments sufficient to pay for the program or
34 level of service mandated by this act, within the meaning of Section
35 17556 of the Government Code.

36 However, if the Commission on State Mandates determines that
37 this act contains other costs mandated by the state, reimbursement
38 to local agencies and school districts for those costs shall be made

- 1 pursuant to Part 7 (commencing with Section 17500) of Division
- 2 4 of Title 2 of the Government Code.

O

Introduced by Senator Archuleta

February 15, 2023

An act to amend Section 40701.5 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 563, as introduced, Archuleta. Air pollution control districts and air quality management districts: independent special districts: funding.

Existing law provides for the establishment of air pollution control districts and air quality management districts. Existing law declares a district a body corporate and politic and a public agency of the state, and prescribes the general powers and duties of a district. Existing law authorizes a district to receive funding from specified sources, including, but not limited to, grants, permit fees, and penalties.

This bill would designate a district as an independent special district for purposes of receiving state funds or funds disbursed by the state, including federal funds.

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. Section 40701.5 of the Health and Safety Code
- 2 is amended to read:
- 3 40701.5. (a) Funding for a district may be provided by, but is
- 4 not limited to, any one or any combination of the following sources:
- 5 (1) Grants.
- 6 (2) Subventions.
- 7 (3) Permit fees.

1 (4) Penalties.

2 (5) A surcharge or fee pursuant to Section 41081 or 44223 on
3 motor vehicles registered in the district.

4 (b) Expenses of a district that are not met by the funding sources
5 identified in subdivision (a) shall be provided by an annual per
6 capita assessment on those cities that have agreed to have a member
7 on the district board for purposes of Section 40100.5, 40100.6,
8 40152, 40322.5, 40704.5, or 40980 and on the county or counties
9 included within the district. Any annual per capita assessment
10 imposed by the district on those cities and counties included within
11 the district shall be imposed on an equitable per capita basis.

12 (c) Subdivision (b) does not apply to the San Joaquin Valley
13 Unified Air Pollution Control District or, if that unified district
14 ceases to exist, the San Joaquin Valley Air Quality Management
15 District, if that district is created.

16 (d) (1) Notwithstanding subdivision (b), expenses of the San
17 Diego County Air Pollution Control District that are not met by
18 the funding sources identified in subdivision (a) shall be provided
19 by an annual per capita assessment imposed on an equitable per
20 capita basis on each city and county included in the San Diego
21 County Air Pollution Control District by the governing board of
22 the San Diego County Air Pollution Control District created
23 pursuant to Section 40100.6.

24 (2) At least 30 days before the assessment is imposed, the
25 governing board shall hold a public hearing which shall include
26 data supporting the annual per capita assessment and any schedule
27 that may apply.

28 ~~(e) This section shall become operative on March 1, 2021.~~

29 (e) *Notwithstanding any other law, a district shall be deemed*
30 *an independent special district for purposes of receiving state*
31 *funds or funds disbursed by the state, including federal funds. For*
32 *purposes of this subdivision, “funds” includes, but is not limited*
33 *to, moneys, loans, grants, financial incentives, and other economic*
34 *benefits.*

ATTACHMENT 3A

KADESH & ASSOCIATES

South Coast AQMD Report for the April 2023
Legislative Meeting covering March 2023
Kadesh & Associates

The President's budget request signaled the start of the FY24 budget and appropriations season. The budget request seeks \$866.4B for defense spending, an increase of \$28B (3.3 percent) over FY23, and \$809.1B for non-defense discretionary spending, an increase of \$49.2B (7.3 percent). The budget request is already being criticized by all corners for having both too much and too little defense spending and too much and too little non-defense spending. While disagreements between an administration and Congress regarding spending priorities are nothing new, attention this year is focused keenly on how the debt ceiling negotiations will impact the FY24 spending limits. Although CBO and Treasury have both estimated that the debt ceiling will be reached this summer, negotiations aren't expected to finish until the fall, and will likely affect the trajectory of annual appropriations negotiations.

Key accounts fared well in the President's budget request. The Targeted Airshed Grants program was included in the budget request at a level of \$69.9 million, the same as the enacted FY23 level. This program was traditionally not included in the budget request; the ongoing support on Capitol Hill, including letters in recent years from Representatives Garcia and Barragán, may have helped solidify its position. The budget requests \$150 million for the DERA program (50% over the enacted level) and more than \$400 million for the 103/105 grant program (State and Local Air Quality Management), an increase of more than \$150 million.

Despite the lack of agreement over an FY24 topline spending level, the budget release does kick the appropriations process into high gear. The House Appropriations Committee held its EPA budget hearing in late March, and the Senate committee's DOE and EPA budget hearings will be held in May. Pending an agreement on a topline number, it is unclear how the House plans to move forward on its appropriations bills.

The Administration has released additional amounts provided by the Investment in Infrastructure and Jobs Act (IIJA). Specifically, DOT announced the opening of its \$2.5 billion Charging and Fueling Infrastructure Discretionary Grant Program, which South Coast AQMD has supported and tailored, including through the "clean corridors" bill that predated the IIJA. Applications under this new program are due May 30.

Kadesh & Associates Activity Summary-

-Worked with South Coast AQMD and the congressional delegation on efforts to encourage funding increases for TAG and other air quality programs, as well as whole-of-government efforts to address air quality through IIJA and IRA funding programs.

Contacts:

KADESH & ASSOCIATES

Contacts included staff and Members throughout the CA delegation, especially new members of the delegation, authors of priority legislation, Senate offices, and members of key committees. We have also been in touch with administration staff.

###

ATTACHMENT 3B



Carmen Group
I N C O R P O R A T E D

To: South Coast AQMD Legislative Committee
From: Carmen Group
Date: March 30, 2023
Re: Federal Update -- Executive Branch

Department of Transportation

Funds Available for EV Charging/Alternative Fueling Infrastructure Grants: In March, the Department of Transportation announced the availability of \$700 million under the new Charging and Fueling Infrastructure (CFI) Discretionary Grant Program, covering EV charging infrastructure and hydrogen, propane, and natural gas fueling infrastructure. The program was created by the Bipartisan Infrastructure Law which authorizes \$2.5 billion over five years for a wide range of applicants including cities, counties, and local governments. Grants will be made in two distinct categories: One for designated Alternative Fuel Corridors (AFCs) and one for Communities to include any public road or publicly accessible location, such as parking facilities at public buildings, public schools, public parks, or publicly accessible parking facilities owned or managed by a private entity. Applications due May 30, 2023.

Funds Available for Marine Highway Program Grants: In March, the Maritime Administration (MARAD) announced the availability of \$12.4 million for grants under the US Marine Highway Program (USMP). Grants will support the development and expansion of marine highways, vessels, and landside ports and infrastructure that help strengthen supply chains and reduce emissions. Applications due April 28, 2023.

San Bernardino BRT Project Receives \$86.8 Million FTA Grant: In March, the Federal Transit Administration (FTA) announced an \$86.8 million construction grant award to Omnitrans and the San Bernardino County Transportation Authority (SBCTA) to help build out the West Valley Connector bus rapid transit (BRT) project. FTA said the project will advance San Bernardino County's Zero Emission Bus Initiative, which aims to have a fully zero-emission bus fleet by 2040.

Long Beach Receives \$30 Million "Reconnecting Communities" Grant: The City of Long Beach was awarded a \$30 million grant through the Department of Transportation's new Reconnecting Communities Pilot Program, designed to "reconnect communities that are cut off from opportunity and burdened by past transportation decisions." The project will redesign West Shoreline Drive, open up park space, and better connect residents and visitors to the Pacific Ocean, local destinations and downtown Long Beach.

LA Rail Project Recommended for Major Transit Grant: The President's FY 24 budget proposal, released in March, includes \$643 million in proposed funding for the

Proven Process. Proven Results.™

901 F Street, NW Suite 600 Washington, DC 20004 T 202.785.0500 F 202.478.1734 carmengroup.com

Los Angeles Westside Subway Section 2 and Section 3 rail projects. These together constitute one of 18 major transit Capital Investment Grant (CIG) projects across the nation that were recommended for funding in the President's budget.

Department of Energy

Funds Available for Clean Hydrogen RD&D Projects: In March, the Department of Energy announced the availability of \$750 million for research, development, and demonstration (RD&D) efforts to dramatically reduce the cost of clean hydrogen. The funding is part of the \$1.5 billion authorized in the Bipartisan Infrastructure Law to advance electrolysis technologies for commercial scale deployment of clean hydrogen in this decade. Concept papers due April 19, 2023. Full applications due July 19, 2023. In addition, DOE also released in March its Pathways to Commercial Liftoff report on Clean Hydrogen: <https://liftoff.energy.gov/wp-content/uploads/2023/03/20230320-Liftoff-Clean-H2-vPUB-0329-update.pdf>

Environmental Protection Agency

Funds Available to Help Advance Environmental Justice: The EPA announced the availability of \$550 million from the new Environmental Justice Thriving Communities Grantmaking (EJ TCGM) program to fund up to 11 entities to serve as grantmakers to community-based projects that reduce pollution. EPA says selected grantmakers will develop a simplified process so that organizations that have historically faced barriers to receiving funding can more seamlessly apply for grants that address environmental harms and risks. Applications were due April 10, 2023.

Funds Available to Address Climate Pollution: In March, the EPA announced the availability of \$250 million from the new Climate Pollution Reduction Grants (CPRG) program created by the Inflation Reduction Act. EPA says the program provides flexible planning resources for states and municipalities to develop and implement solutions that protect people from pollution and advance environmental justice. Municipalities must submit a notice of intent to participate by April 28, 2023.

EPA Announces "Good Neighbor Plan" Rule: In March, the EPA announced its final rule on the Good Neighbor Plan, a rule designed to improve air quality for people living in downwind communities by cutting smog-forming NOx emissions from power plants in 23 states.

EPA Releases 2022 Power Plant Emissions Data: The EPA has released its annual data on 2022 emissions from power plants in the lower 48 states, showing lower emissions and improving air quality. <https://www.epa.gov/power-sector/power-plant-emission-trends>

Outreach: Contacts included Federal Railroad Administration (FRA) staff at -- and in follow-up to -- a March 14th virtual meeting we arranged between FRA and South Coast AQMD officials on clean locomotive technologies.

###

ATTACHMENT 3C



To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: March 29, 2023
Re: March Report

HOUSE/SENATE

Congress

The House and Senate are in session this week but they are out on recess for the first two weeks of April with both chambers scheduled to return April 17. The national debt default looms, with Treasury Secretary Yellen saying the Department can continue to pay its bills through early June.

This week the House will be considering HR 1, the Lower Energy Costs Act sponsored by Rep. Scalise and originating from the House Natural Resources Committee. HR 1 is a package of mostly re-introduced bills on various topics ranging from permitting reform to critical minerals, LNG, and other energy infrastructure priorities. This will be a test for the Republicans to keep their slim majority in line, but even if passed it will face opposition in the Senate. That said, bipartisan permitting negotiations are expected to continue throughout much of this year.

In the near term the Senate is focused on repealing the authorization for the use of military force in Iraq and both chambers will hold hearings on the President's budget requests across all committees. Also, the appropriations process is in full swing in both chambers.

EPA

Earlier this month, the Biden-Harris administration announced \$250 million to fund projects that tackle climate pollution. These planning grants, through the U.S. Environmental Protection Agency (EPA), are the first tranche of funding going to states, local governments, Tribes, and territories from the \$5 billion Climate Pollution Reduction Grants (CPRG) program created by the Inflation Reduction Act. The program provides planning resources for

states, Tribes, territories, and municipalities to develop and implement scalable solutions that protect people from pollution and advance environmental justice.

All 50 states, the District of Columbia and Puerto Rico are eligible to receive \$3 million in grant funds. In addition, each of the 67 most populous metropolitan areas in the country are eligible to receive \$1 million for plans to tackle climate pollution locally. EPA is also making millions in noncompetitive planning grant funds available to territory and tribal governments. Later this year, EPA will launch a competition for \$4.6 billion in funding to implement projects and initiatives included in these plans. States, cities, territories, and Tribes can also use this funding to develop strategies for using the other grant, loan, and tax provisions secured by President Biden's historic legislation, including the Inflation Reduction Act and Bipartisan Infrastructure Law, to achieve their clean energy, climate, and environmental justice goals.

Complete program guidance can be found [here](#).

The EPA has also announced an upcoming virtual listening session on EPA's PFAS Strategic Roadmap for communities in the Pacific Southwest region of our country, including the U.S. Pacific Island territories, on April 13, 2023, and is inviting members of the public to participate. This engagement session will provide information about EPA's ongoing work under the PFAS Strategic Roadmap and what it means for communities in the Pacific Southwest. The session will also provide opportunities for communities to share feedback directly with EPA regional and program leaders to inform the actions described in the roadmap. In November 2022, EPA announced that it would hold a series of virtual regional community engagement sessions across the U.S.

EPA's virtual regional community engagement session for the Pacific Southwest will be held via Zoom on April 13, 2023, from 6:00 p.m. to 8:00 p.m. PT. The public can register to participate in the community engagement session at <https://pfascommunityengagement.org/register/region9/>

Cassidy and Associates support in March:

- Secured key meetings with the Biden Administration for Executive staff;
- Worked with South Coast AQMD staff to strategize on DC outreach;
- Continued to monitor and report on activities in Congress and the Administration that impact the District.

IMPORTANT LEGISLATIVE DATES

Summer 2023:

The nation is expected to hit its debt limit.

June 30, 2023:

Pause on student loan payments and interest schedule to expire.

September 30, 2023:

FY 2023 appropriations expire.

September 30, 2023:

The Farm Bill, an omnibus package of legislation that supports US agriculture and food industries, expires; the bill is reauthorized on a five-year cycle.

September 30, 2023:

Deadline for the Federal Aviation Administration reauthorization.

September 30, 2023:

National Flood Insurance Program reauthorization deadline.

PANDEMIC RESPONSE PROGRAMS AND AUTHORITIES

End Date/Program

AGENCY RESOURCES

USA.gov is cataloging all U.S. government activities related to coronavirus. From actions on health and safety to travel, immigration, and transportation to education, find pertinent actions [here](#). Each Federal Agency has also established a dedicated coronavirus website, where you can find important information and guidance. They include: Health and Human Services ([HHS](#)), Centers of Medicare and Medicaid ([CMS](#)), Food and Drug Administration ([FDA](#)), Department of Education ([DoED](#)), Department of Agriculture ([USDA](#)), Small Business Administration ([SBA](#)), Department of Labor ([DOL](#)), Department of Homeland Security ([DHS](#)), Department of State ([DOS](#)), Department of Veterans Affairs ([VA](#)), Environmental Protection Agency ([EPA](#)), Department of the Interior ([DOI](#)), Department of Energy ([DOE](#)), Department of Commerce ([DOC](#)), Department of Justice ([DOJ](#)), Department of Housing and Urban Development ([HUD](#)), Department of the Treasury ([USDT](#)), Office of the Director of National Intelligence ([ODNI](#)), and U.S. Election Assistance Commission ([EAC](#)).

Helpful Agency Contact Information:

U.S. Department of Health and Human Services – Darcie Johnston (Office – 202-853-0582 / Cell – 202-690-1058 / Email – darcie.johnston@hhs.gov)

U.S. Department of Homeland Security – Cherie Short (Office – 202-441-3103 / Cell – 202-893-2941 / Email – Cherie.short@hq.dhs.gov)

U.S. Department of State – Bill Killion (Office – 202-647-7595 / Cell – 202-294-2605 / Email – killionw@state.gov)

U.S. Department of Transportation – Sean Poole (Office – 202-597-5109 / Cell – 202-366-3132 / Email – sean.poole@dot.gov)

ATTACHMENT 4A



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 916 441-5061

Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District
FROM: Anthony, Jason & Paul Gonsalves
SUBJECT: Legislative Update – March 2023
DATE: Thursday, March 30, 2023

On January 4, 2023, the Legislature reconvened for the 2023-24 legislative session. Shortly after, on January 10, 2023, Governor Newsom released his January budget proposal identifying a \$22.5 billion budget deficit. This is the first time since the Governor was elected that he has had to develop a budget with a deficit.

The Legislature spent the past month preparing their bill packages for this legislative year. All new bills had to be introduced by Friday, February 17, 2023. This year, the Legislature introduced 2,745 bills, constitutional amendments and resolutions. The Assembly introduced 1,803 and the Senate introduced 942. The legislative policy committees have begun to ramp up and started to hear bills.

The following will provide you with updates of interest to the District:

BUDGET

Shortly after the Governor released his January budget proposal, Legislative Leadership in the state Senate released their “key values” document, preparing for budget negotiations later this spring. The document runs through a long list (about 40 items) of past accomplishments that they aim to shield from cuts, though it does not get into the specifics of a spending plan.

The main complicating factor in constructing a budget agreement by the June 15th deadline is the uncertainty on the tax revenue picture since many Californians will file their returns later than usual. Shortly after the series of deadly atmospheric rivers that devastated many parts of California in late December and early January, the IRS extended the filing deadline from April 18 to May 15 for affected taxpayers. Now, the IRS has announced it’s adding even more time (until October 16) for individuals and businesses in 47 of the state’s 58 counties.

The Governor’s office also announced that the state tax filing deadline will also be extended until Oct. 16 for affected counties. This is causing the Governor and Legislative leaders to

forecast projections on the amount of revenues they will expect since the tax filings won't come in until after a budget is adopted.

STATE OF THE STATE

Unlike the traditional State of the State where the Governor gives his formal speech to both houses of the Legislature, this year, Governor Newsom instead, opted for a Statewide tour that ran Thursday, March 16 through Sunday, March 19 with stops in the Bay Area, Los Angeles and San Diego.

During the Governor's tour, he unveiled new policies and goals at each stop and was joined by state and local legislators and community members. On his four-day tour, the Governor announced \$1 billion in homelessness funding and the state's largest mobilization of small homes, a historic transformation of San Quentin State Prison, \$30 insulin through CalRX, and a transformative proposal to modernize California's behavioral health system and more mental health housing.

Under the CA constitution, the Governor is required to report to the Legislature each calendar year on the condition of the State. This year, Governor Newsom fulfilled that mandate by sending a letter to the Legislature after the tour, laying out the policies he announced on the road.

DIABLO CANYON POWER PLANT

In September of 2022, Governor Newsom signed SB 846 by Senator Bill Dodd (D-Napa) authorizing a limited-term extension of the Diablo Canyon Power Plant beyond its planned closure in 2025, a measure developed in partnership with the Legislature and structured to take advantage of the opportunity for federal support while minimizing costs to California ratepayers and taxpayers.

In November of 2022, the U.S. Department of Energy announced that it awarded \$1.1 billion from the Civil Nuclear Credit Program to support a limited-term extension of the Diablo Canyon Power Plant.

Earlier this month, the California Energy Commission (CEC) formally determined that the state should pursue extending operation of Diablo Canyon Power Plant through 2030 to ensure electricity reliability. The determination is based on data showing California risks energy supply shortfalls during extreme weather events driven by climate change, like September's record-breaking heat wave.

Earlier this month, Governor Newsom visited the Diablo Canyon Power Plant to tour its facilities and highlight how this source of carbon-free electricity will support energy reliability during California's clean energy transition. Additionally, the United States Nuclear Regulatory Commission announced that the Diablo Canyon Power Plant may continue operating beyond its current license expiration dates while the federal agency considers its license renewal application.

2023 LEGISLATIVE DEADLINES

March 30 - Spring Recess begins upon adjournment

April 10 - Legislature reconvenes from Spring Recess

April 28 - Last day for policy committees to hear and report to fiscal committees' fiscal bills introduced in their house

May 5 - Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house

May 12 - Last day for policy committees to meet prior to June 5

May 19 - Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 5

May 30-June 2 - Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees

June 2 - Last day for each house to pass bills introduced in that house

June 5 - Committee meetings may resume

June 15 - Budget Bill must be passed by midnight

July 14 - Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment, provided Budget Bill has been passed

August 14 - Legislature reconvenes from Summer Recess

September 1 - Last day for fiscal committees to meet and report bills

September 5-14 - Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees

September 8 - Last day to amend on the Floor

September 14 - Last day for each house to pass bills. Interim Recess begins upon adjournment

South Coast Air Quality Management District Legislative and Regulatory Update – March 2023

❖ Important Upcoming Dates

April 10 – Legislature Reconvenes from Spring Recess
April 28 – Last Day for Policy Committees to hear and report to fiscal committees fiscal bills introduced in their house

❖ RESOLUTE Actions on Behalf of South Coast AQMD. RESOLUTE partners David Quintana, and Alfredo Arredondo continued their representation of SCAQMD before the State’s Legislative and the Executive branch. Selected highlights of our recent advocacy include:

- Provided key updates regarding the availability of funding for key priorities of South Coast in the Governor’s proposed budget.
- Set and attended meetings with legislative offices in support of sponsored legislation.

❖ 1st Extraordinary Session comes to a close. On Tuesday, March 28th, Governor Newsom Signed [SBX1-2 \(Skinner\)](#), which brought about an official end to the extraordinary session that the Governor called in order to address high gasoline prices experienced by Californians in 2022.

❖ CalMatters: Newsom signs watered-down oil profit penalty into law. BY ALEXEI KOSEFF March 28, 2023

For six months, Gov. Gavin Newsom waged a highly public battle against the oil industry, accusing companies of fleecing Californians as gasoline prices soared to record levels last year and urging lawmakers to claw back the excess profits to return to taxpayers.

He finally got to take a victory lap today as he signed a first-in-the-nation law that could lead to a cap on earnings for oil refiners.

“We proved we can actually beat Big Oil,” Newsom said during a ceremony under the state Capitol rotunda.

But the measure Newsom signed is still a far cry from what he initially suggested in the fall, reflecting the political perils inherent in taking on an industry that may be a major villain for liberals but also provides a product used daily by millions of Californians.

Nor is this particular showdown likely over.

A representative for the oil industry, which fiercely fought the governor’s efforts, said refiners who operate in the state will closely monitor the development of regulations under the law and whether the Legislature pursues additional bills to address their lingering concerns before deciding whether to mount a legal challenge.

“Then we’ll have a better sense of, will this work, and do we need to step in?” said Kevin Slagle, a spokesperson for the Western States Petroleum Association.

Newsom set off a frenzy at the end of September, as the average price of gas at the pump surged past \$6 past per gallon, when he called for a windfall tax on oil company profits, an idea favored by progressives that has never gained traction at the Capitol. Within a week, he announced that he would open a special legislative session later in the year to push for the proposal, using a penalty on excess profits to fund a rebate for taxpayers.

At issue were California's retail gasoline prices, which are not only expensive, but far more expensive than the rest of the country — by last fall, the gap had grown to more than \$2.60 per gallon higher than the national average, an ignominious record. The oil industry says this is caused by greater taxes and regulations in the state, but Newsom argued that greedy companies were taking advantage of global shortages.

“This is one of the greatest rip-offs in modern American history that’s been happening here in California,” Newsom told reporters after signing the bill.

Though many legislators agreed with the governor's assessment that taxes and regulations alone could not explain the steep prices their constituents were paying, his initial plan — to set a cap on refiner profits and fine those who exceeded the threshold — stalled for months at the Capitol without action. Even Democratic allies feared that, without more information, they might unintentionally create a disincentive for gasoline production, further constraining supply and leading to even higher costs for drivers.

The compromise, unveiled less than two weeks ago, shifts the process to state regulators. Oil refiners will be required to report additional data about their operations and a new watchdog division of the California Energy Commission will investigate alleged price gouging by the industry. That could inform the commission to establish a profit threshold above which companies would be assessed a financial penalty, though the rule-making process is merely authorized by the new law, not mandated.

It will be years before that happens, if it ever does at all. Newsom said today that it will take nine to 12 months to establish the new division of the energy commission. But he insisted that it would be an improvement over his original plan for a windfall profits tax, because of the long-term oversight of the oil industry that it could provide.

“This is 10x better,” he said. “This is more than we even could have imagined in late September when we had the first conversations around this.”

Legislative Democrats raced over the past week to pass the proposal before they leave town at the end of the month for their spring recess, earning howls of disapproval from the oil industry and Republican lawmakers, who argued that the rushed timeline did not allow them to fully vet the bill. Because it was passed through a special session, which the Legislature closed on Monday after a final vote in the Assembly, the law takes effect in 90 days.

“The Governor's proposal, modeled after ideas that have empirically failed, will disrupt the energy market and ignore economic reality where ultimately every single Californian will bear the direct as well as the unintended consequences and costs,” Assemblymember Vince Fong, a Republican who represents part of oil-producing Bakersfield, said in a statement.

Slagle of the Western States Petroleum Association said oil refiners take issue with the amount of data they will be required to report, the lack of privacy safeguards for that sensitive information and a provision of the bill that they contend would allow the state to interfere with their maintenance schedules.

If those points are not resolved in follow-up legislation, Slagle said the industry could potentially sue over the law. An unfavorable profit cap rule developed by the California Energy Commission would also be ripe for a legal challenge.

“We’re concerned about how that all turns out,” Slagle said. But, he added, with this heavily politicized clash at the Capitol now over, “We’re hopeful that we can shift to having a conversation about the real issue here, which is the supply of fuels.”

Newsom sarcastically dismissed the notion of making the changes that the oil industry is seeking. He said he did not trust the industry’s talking points, which he characterized as an attempt to push back on an outcome that it does not like.

“What are they going to do? Spend some of their billions of dollars, try to go after us, try to demean us, try to lie to you, try to manipulate,” he told reporters. “That’s status quo here. Give me a break. I’m just sick and tired of those guys.”

<https://calmatters.org/politics/2023/03/california-gas-prices-newsom-oil/>

ATTACHMENT 4C



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
April 14, 2023, Legislative Committee Hearing

Legislative Update

As the calendar rolls into April, the Legislature will take a week-long Spring Recess from April 3rd-7th. This will allow legislators to remain in their districts during this week. They will not have to report back to Sacramento until April 10th. When they do return, their agenda will be full of policy committee hearings as they have until April 28th to meet the deadline of moving fiscal bills to the respective Senate and Assembly Appropriations Committees. A significant portion of all the legislation being considered is tagged fiscal which means the measures will cost the state money to implement.

On March 22nd, Governor Newsom delivered the State of the State letter to the Legislature which reflected his tour across California. The Governor has an annual duty to report to the Legislature the condition of the State. This year we saw a departure from the norm and the Governor embarked on a four-day tour across the state to highlight major policy announcements. These included initiatives around homelessness, a transformation of the justice system, tackling prescription drug prices, and modernization of our behavioral health system and more mental health housing.

One of the most significant items that was addressed by the Legislature in the past month was the high gas prices Californians witnessed last year. At the end of last year, Governor Newsom called for a special session to hold the oil industry accountable for price gouging. The Legislature passed SBx1-2 which creates a dedicated, day-in and day-out, independent watchdog to root out price gouging by oil companies and authorizes the California Energy Commission (CEC) to create a penalty to hold the industry accountable. The law will go into effect on June

26, the 91st day after the end of the special session. The Governor signed the bill on March 28th in the Capitol Rotunda.

Budget Update

The Department of Finance updated its monthly Finance Bulletin. The DOF bulletin states preliminary General Fund agency cash receipts for the first eight months of the 2022-23 fiscal year were \$4.698 billion below the 2023-24 Governor's Budget forecast of \$114.045 billion. Last month, they were \$3.322 billion below the forecast. This means the state's deficit grew by \$1.376 billion over the past month.

The primary driver of this decline continues to be personal income tax cash receipts. For the first eight months, those numbers were \$3.637 billion below forecasts by themselves. The Department did highlight that significant uncertainty around the state's cash flow will likely continue through much of this year given the delayed payment and filing deadlines for Californians in most counties to May 15th due to winter storms and floodings from earlier this year. Those deadlines were further delayed to October 16th by the Governor.