South Coast
Air Quality Management District
South Coast AQMD
21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 · www.aqmd.gov

HYBRID LEGISLATIVE COMMITTEE MEETING

Committee Members

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

October 13, 2023 ♦ 9:00 a.m.

A meeting of the South Coast Air Quality Management District Legislative Committee will be held at 9:00 a.m. on Friday, October 13, 2023, through a hybrid format of in-person attendance in the Dr. William A. Burke Auditorium at the South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, and remote attendance via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

Please refer to South Coast AQMD's website for information regarding the format of the meeting, updates if the meeting is changed to a full remote via webcast format, and details on how to participate:

TELECONFERENCE LOCATION

Lynwood City Hall 11330 Bullis Road Annex Conference Room Lynwood, CA 90262	County of Riverside Assessor-County Clerk-Recorder 41002 County Center Drive Suite 230 Temecula, CA 92591
Los Angeles City Hall 200 N. Spring Street Room 415 Los Angeles, CA 90012	Riverside City Hall 3900 Main Street 7th Floor Conference Room Riverside, CA 92522

http://www.aqmd.gov/home/news-events/meeting-agendas-minutes

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION AT BOTTOM OF AGENDA

Join Zoom Webinar Meeting - from PC or Laptop
https://scaqmd.zoom.us/j/99574050701
Zoom Webinar ID: 995 7405 0701 (applies to all)

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Audience will be able to provide public comment through telephone or Zoom connection during public comment periods.

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

CALL TO ORDER

- **Roll Call**

ACTION/DISCUSSION ITEMS (Items 1 through 2):

1. Recommend Position on Federal Bills
(Motion Required)
This item is to seek approval from the Committee on staff's recommendation for a position on the following Federal bills:
[Attachment 1a-1d]

Lisa Tanaka O'Malley
Assistant Deputy Executive Officer,
Legislative, Public Affairs & Media

Bill#	**Author**	**Bill Title**
S. 1920	Whitehouse (D-RI), Padilla (D-CA), Welch (D-VT)	International Maritime Pollution Accountability Act of 2023
S. 1917 / H.R 4024	Padilla (D-CA), Welch (D-VT), Whitehouse (D-RI), Booker (D-NJ), Feinstein (D-CA) / Garcia (D-CA), Barragán (D-CA), Huffman (D-CA), Bonamici (D-OR), Cleaver (D-MO), Tlaib (D-MI), Norton (D-DC), Lee (D-	Clean Shipping Act of 2023

CA), Schiff (D-CA), Sherrill
(D-NJ), Lieu (D-CA),
Grijalva (D-AZ), Espaillat
(D-NY)

2. Amend Contracts for Legislative Representation in Washington, D.C. — *Lisa Tanaka O'Malley*
(Motion Required)
The current contracts for legislative and regulatory representation in Washington D.C. with Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group Inc., expire on January 14, 2024. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2024 with Kadesh & Associates, LLC for $226,392; Cassidy & Associates for $216,000; and Carmen Group Inc. for $222,090.
[Attachment 2]

DISCUSSION ITEMS (Items 3 through 5):

3. End-of-Year Summary Report on State Legislature's and Governor's Actions during 2023 Legislative Session — *Philip Crabbe III, Senior Public Affairs Manager, Legislative, Public Affairs & Media*
(No Motion Required)
Staff will provide an end-of-year report on the actions of the State Legislature and Governor, including items relating to the budget and South Coast AQMD sponsored bills and bills of interest.

4. Update and Discussion on Federal Legislative Issues
(No Motion Required)
Consultants will provide a brief oral report on Federal legislative activities in Washington D.C.
[Attachment 3a-3c - Written Reports]

Gary Hoitsma
Carmen Group

Amelia Morales
Cassidy & Associates

Mark Kadesh
Kadesh & Associates, LLC

5. Update and Discussion on State Legislative Issues
(No Motion Required)
Consultants will provide a brief oral report on State legislative activities in Sacramento.
[Attachment 4a-4c - Written Reports]

David Quintana
Resolute

Ross Buckley
California Advisors, LLC

Paul Gonsalves
Joe A. Gonsalves & Son

OTHER MATTERS:

6. Other Business
Any member of this body, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Govt. Code Section 54954.2)

7. Public Comment Period
At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Legislative Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

8. **Next Meeting Date –** Thursday, November 9, 2023, at 9:00 a.m.

ADJOURNMENT

Document Availability
All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Aisha Reyes at (909) 396-3074 or send the request to areyes2@aqmd.gov.

Americans with Disabilities Act and Language Accessibility
Disability and language-related accommodations can be requested to allow participation in the Legislative Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to South Coast AQMD. Please contact Aisha Reyes at (909) 396-3074 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to areyes2@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

<u>Instructions for Participating in a Virtual Meeting as an Attendee</u>
As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **"Raise Hand"** button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **"Raise Hand"** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

Back to Agenda

S. 1920 (Whitehouse, Padilla, Welch)
International Maritime Pollution Accountability Act of 2023

Summary: International Maritime Pollution Accountability Act of 2023 would require U.S. EPA to assess certain fees on shipping and other vessels, and for other purposes.

Background: The federal government and to some extent, the states are assigned responsibility under the Clean Air Act to reduce emissions from mobile sources. The International Maritime Pollution Accountability Act with the Clean Shipping Act of 2023 are a package of bills introduced by Senators Alex Padilla, Sheldon Whitehouse, and others to address greenhouse gas (GHG) emissions and air pollution from ocean going vessels (OGVs).

This bill is supported by the Environmental Defense Fund, Ocean Conservancy, Pacific Environment, A.P. Moller- Maersk, and others.

Status: 6/8/23 – Introduced in Senate.

Specific Provisions: The International Maritime Pollution Accountability Act of 2023 would require U.S. EPA to levy pollution fees based on GHG and criteria pollutants. Fees would be invested in U.S. maritime industry and for other related purposes.

The pollution fees would apply to OGVs of 10,000 gross tonnage or more which would exclude most domestic shipping. Additionally, covered voyages would include those whose primary purpose is for transporting cargo or freight which is ultimately bound for the United States.

The bill includes GHG fees to be collected from the operator of the covered voyage by the U.S. EPA in conjunction with the U.S. Treasury as follows:

- $150 per ton fee on the carbon dioxide emissions of the fuel burned on the inbound trip. This provision would sunset if the International Maritime Organization implements a carbon fee at least as high.

For criteria air pollutants emitted within 200 miles of the US shoreline:

- $6.30 per pound of nitrogen oxides
- $18.00 per pound of sulfur dioxide
- $38.90 per pound of particulate matter (PM2.5)

Both GHG and criteria pollutant fees would increase at 5% above inflation annually.

According to the bill author, the pollution fees are expected to raise approximately $250 billion over 10-years. Eligible uses of revenue collected from the fees would be:

- 25% for replacing (or retrofitting) Jones Act vessels with low-carbon vessels.

- 25% for DOE grants to support R&D of low-carbon maritime fuels.
- 10% for the Clean Ports Program and 5% for related workforce development.
- 10% for ferry electrification and 10% for harbor craft electrification.
- 7% for port infrastructure (MARAD Port Infrastructure Development Program) and 3% for port community air monitoring.
- 3% for the National Oceans and Coastal Security Fund.
- 2% for the Marine Debris Foundation.

Impacts on South Coast AQMD's Mission, Operations, or Initiatives: The South Coast Air Basin is home to more than 17 million people, including nearly two-thirds of the state's overburdened environmental justice communities. This region has some of the worst air quality in the nation and is in extreme non-attainment for ozone and severe non-attainment for $PM_{2.5}$.

The largest source of air pollution in the South Coast Air Basin stems from mobile sources related to goods movement activity in and around the San Pedro Bay Ports, including heavy-duty trucks, OGVs, locomotives, aircraft, and off-road equipment. OGVs are quickly becoming the largest source of air pollution in our region as heavy-duty trucks and other equipment become cleaner.

Regulatory authority over OGVs is complex involving international and domestic governmental organizations. While state and local government have some authority to reduce air pollution related to OGVs, the federal government has the strongest ability to regulate emissions in U.S. waters and to influence the IMO and other foreign stakeholders.

In summary, the International Maritime Accountability Act could incentivize ocean freight companies to utilize their cleanest vessels when coming to call in the United States, especially the San Pedro Bay Ports. Additionally, pollution fees would help fund improvements and workforce training needed to reduce emissions related to our ports and related industries.

Recommended Position: SUPPORT

II

118TH CONGRESS
1ST SESSION

S. 1920

To require the Administrator of the Environmental Protection Agency to assess certain fees on shipping and other vessels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 8, 2023

Mr. WHITEHOUSE (for himself, Mr. PADILLA, and Mr. WELCH) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To require the Administrator of the Environmental Protection Agency to assess certain fees on shipping and other vessels, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "International Maritime Pollution Accountability Act of 2023".

SEC. 2. FINDINGS.

Congress finds that—

(1) the greenhouse gas emissions from the marine shipping industry—

(A) account for nearly 3 percent of total global anthropogenic carbon dioxide emissions; and

(B) are increasing rapidly;

(2) the International Maritime Organization has failed to require emissions reductions with respect to marine shipping that are consistent with global decarbonization targets; and

(3) ports are a large source of air pollution and contribute to poor air quality in the neighborhoods surrounding the ports, leading to worse health outcomes for those who live in those neighborhoods.

SEC. 3. DEFINITIONS.

In this Act:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) CALENDAR QUARTER.—The term "calendar quarter" means a period of 3 calendar months that ends on, as applicable, March 31, June 30, September 30, or December 31 of the applicable calendar year.

(3) CARGO OR FREIGHT.—The term "cargo or freight" does not include—

(A) passengers transported for compensation or hire;

(B) bunker fuel;

(C) ship's stores;

(D) sea stores; or

(E) the legitimate equipment necessary to the operation of a vessel.

(4) COVERED VOYAGE.—

(A) IN GENERAL.—The term "covered voyage" means a voyage—

(i) made using a self-propelled vessel of 10,000 gross tonnage or more, the primary purpose of which is transporting cargo or freight; and

(ii) that begins when the vessel leaves the port of origin and terminates when the offloading operations at the final port of call are completed.

(B) EXCEPTIONS.—The term "covered voyage" does not include a voyage—

(i) that has been included as an OCS source (as defined in subsection (a)(4) of section 328 of the Clean Air Act (42 U.S.C. 7627)) because the voyage has the potential to emit any air pollutant as described in subparagraph (C)(i) of that subsection and is, as a result, regulated pursuant to that section; or

(ii) made for the purposes of transporting military cargo, food aid, or supplies for disaster or emergency relief.

(5) CRITERIA AIR POLLUTANT.—The term "criteria air pollutant" is within the meaning of the Clean Air Act (42 U.S.C. 7401 et seq.).

(6) EXCLUSIVE ECONOMIC ZONE.—The term "exclusive economic zone" has the meaning given the term in section 107 of title 46, United States Code.

(7) FINAL PORT OF CALL.—The term "final port of call", with respect to a covered voyage, means, as applicable—

(A) the port in the United States where the vessel making the covered voyage offloaded the last of the cargo or freight of the vessel ultimately bound for the United States that was onboard the vessel on departure from the port of origin; or

(B) if the last of the cargo or freight of the vessel ultimately bound for the United States that was onboard the vessel on departure from the port of origin is offloaded in a foreign port, the most recent port of call in the United States prior to offloading the last of the cargo or freight of the vessel that is ultimately bound for the United States.

(8) IMPORTER.—The term “importer” means 1 of the parties that qualifies as an importer of record under section 484(a)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1484(a)(2)(B)).

(9) INTERMEDIATE PORT.—The term “intermediate port”, with respect to a covered voyage, means each foreign port of call of the vessel of the covered voyage between the port of origin and the initial port of call of the vessel in the United States.

(10) PORT OF ORIGIN.—The term “port of origin”, with respect to a covered voyage, means the first port of the vessel making the covered voyage before docking at a port in the United States after departing which a majority (by mass) of the cargo or freight of the vessel is ultimately bound for the United States.

(11) ULTIMATELY BOUND FOR THE UNITED STATES.—The term “ultimately bound for the United States”, with respect to cargo or freight, includes—

(A) all cargo or freight that is offloaded in the United States by a vessel making a covered voyage; and

(B) all cargo or freight that is—

(i) initially offloaded at an intermediate port; and

(ii) subsequently transported to the United States by sea, land, or air.

SEC. 4. REPORTING REQUIREMENTS.

(a) In General.—Beginning on January 1, 2024, the operator of each covered voyage shall submit to the Administrator, the Commandant of the Coast Guard, and the Commissioner of U.S. Customs and Border Protection the information described in subsection (b).

(b) Information Described.—The information referred to in subsection (a), with respect to a covered voyage, is—

(1) the port of origin;

(2) the total distance traveled from the port of origin to the final port of call;

(3) the total time spent traveling between the port of origin and the final port of call;

(4) the total mass of each type of fuel consumed between the port of origin and the final port of call;

(5) the total mass of cargo or freight transported between the port of origin and the final port of call;

(6) each port of call in the United States;

(7) each intermediate port;

(8) the final port of call;

(9) the mass of cargo or freight on board the applicable vessel on leaving the port of origin;

(10) the percentage of cargo or freight (by mass) offloaded or onloaded at any intermediate port, as compared to the capacity of the applicable vessel and the load of the applicable vessel;

(11) the ultimate destination (by country) of cargo or freight offloaded at intermediate ports, as compared to the capacity of the applicable vessel and the load of the applicable vessel;

(12) the mass of cargo or freight on board the applicable vessel on arrival at or departure from, as applicable, each port of call in the United States;

(13) the total time spent in each port of call in the United States;

(14) the total period of time that the applicable vessel is connected to and reliant on the electrical grid while in port at a port of call in the United States;

(15) the total mass of each type of fuel consumed—

(A) in any port of call in the United States; and

(B) within the exclusive economic zone;

(16) the total period of time spent—

(A) north of 60 degrees north latitude; or

(B) south of 60 degrees south latitude;

(17) for each period described in paragraph (16), the total mass of each type of fuel consumed during that period; and

(18) any other information that the Administrator, the Commandant of the Coast Guard, and the Commissioner of U.S. Customs and Border Protection, in conjunction with the Secretary of the Treasury, determines is necessary to accurately determine the amount of the fees assessed under sections 5 and 6.

(c) DEADLINE.—The operator of a covered voyage shall submit the information required under subsection (a) for each covered voyage of the operator that ended during a calendar quarter by not later than 30 days after the end of that calendar quarter.

SEC. 5. FEE ON LIFECYCLE CARBON DIOXIDE-EQUIVALENT EMISSIONS FROM CARGO VESSELS.

(a) LIFECYCLE CO_2–E EMISSIONS PROFILE FOR MARITIME FUELS.—Not later than January 1, 2024, the Administrator shall develop a lifecycle carbon dioxide-equivalent (CO_2–e) emissions profile for each fuel used in maritime shipping to express the emissions from the combustion of that fuel in carbon dioxide-equivalent per unit mass combusted.

(b) ASSESSMENT OF FEE.—

(1) IN GENERAL.—Beginning on January 1, 2024, not later than 30 days after the date on which the Administrator receives from the operator of a covered voyage the information required to be submitted under section 4(a), the Administrator, in conjunction with the Secretary of the Treasury, shall assess on the operator a fee with respect to the covered voyage in an amount determined in accordance with paragraph (2).

(2) AMOUNT OF FEE.—

(A) IN GENERAL.—Subject to subparagraph (B) and subsection (d), the amount of a fee assessed under subsection (a) with respect to a covered voyage shall be the total sum of, for each type of fuel consumed during the covered voyage, the product obtained by multiplying—

(i) the total mass of the fuel consumed during the covered voyage;

(ii) the carbon dioxide-equivalent emissions of the fuel, expressed in metric tons per unit mass of fuel consumed, as determined under subsection (a); and

(iii) $150.

(B) ADJUSTMENTS.—

(i) INFLATION.—Beginning in calendar year 2025, the Administrator shall annually increase the amount described in subparagraph (A)(iii) by the percentage that is equal to the sum obtained by adding—

(I) the rate of inflation, as determined by the Administrator using the changes for the 12-month period ending the preceding November 30 in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor; and

(II) 5 percentage points.

(ii) VOYAGES IN POLAR REGIONS.—For any portion of a covered voyage that involves travel north of 60 degrees north latitude or south of 60 degrees south latitude, the amount described in subparagraph (A)(iii) with respect to fuel consumed during that portion of the voyage, after adjustment under clause (i), if applicable, shall be tripled.

(3) DEADLINE.—A fee assessed under paragraph (1) shall be due and payable to the Administrator not later than the later of—

(A) the date that is 30 days after the date on which the fee is assessed; and

(B) the end of the calendar year in which the fee is assessed.

(4) PENALTY.—Notwithstanding any other provision of law or any circumstances that jeopardize the safety of a vessel the voyage of which is a covered voyage, the persons aboard such a vessel, or the environment, if an operator fails to pay a fee assessed under paragraph (1) by the date described in paragraph (3)—

(A) the Administrator shall inform the Commandant of the Coast Guard of the failure of the operator to pay the fee; and

(B) the Commandant of the Coast Guard shall, until the Administrator informs the Commandant of the Coast Guard that all outstanding fees assessed under paragraph (1) have been paid, prohibit—

(i) the operator from operating within the waters of the United States; and

(ii) vessels of the operator from docking at ports of call in the United States.

(c) ALTERNATE FEE FOR IMPORTED CARGO.—

(1) DEFINITION OF QUALIFIED IMPORTING VOYAGE.—In this subsection, the term "qualified importing voyage" means a voyage made using a vessel—

(A) the primary purpose of which is transporting cargo or freight; and

(B) that, at a foreign port of call, offloads cargo or freight that is ultimately intended to be transported to the United States by sea, land, or air.

(2) REQUIREMENTS.—

(A) REPORTING.—

(i) IN GENERAL.—Beginning on January 1, 2024, each importer for which a qualified importing voyage has cargo or freight that is bound for the United States shall submit to the Administrator the information described in subsection (b) of section 4 in accordance with that section (except as otherwise provided in this paragraph).

(ii) TREATMENT.—For purposes of clause (i), any reference contained in section 4(b) to—

(I) the "final port of call" shall be considered to be a reference to the foreign port of call within which the cargo or freight of the importer was offloaded from the vessel;

(II) the "covered voyage" shall be considered to be a reference to the qualified importing voyage; and

(III) the "port of origin" shall be considered to be a reference to the port at which the cargo or freight bound for the United States was onboarded.

(B) FEE.—

(i) IN GENERAL.—Beginning on January 1, 2024, not later than 30 days after the date on which the Administrator receives from an importer described in subparagraph (A)(i) the information required to be submitted under that subparagraph, the Administrator, in conjunction with the Secretary of the Treasury, shall assess on the importer the fee described in subsection (b) in accordance with that subsection, but the amount of that fee shall be adjusted as follows:

(I) The amount of the fee shall be prorated for the share (by mass) of the cargo or freight on the vessel making the qualified importing voyage that is ultimately bound for the United States that is being imported by the importer.

(II) After the adjustment described in subclause (I), the amount of the fee shall be reduced by the amount of the fee, if any, otherwise assessed on the qualified importing voyage pursuant to subsection (b).

(ii) TREATMENT.—For purposes of clause (i), any reference in subsection (b) to the "covered voyage" shall be considered to be a reference to the qualified importing voyage.

(C) DEADLINES.—

(i) IN GENERAL.—An importer described in subparagraph (A)(i) may not import the cargo or freight from a qualified importing voyage into the United States until the importer—

(I) submits the information required under subparagraph (A); and

(II) pays the fee assessed under subparagraph (B).

(ii) PENALTY.—Notwithstanding any other provision of law, if, at the time of importation of the cargo or freight from a qualifying importing voyage into the United States, an importer described in subparagraph (A)(i) cannot provide proof of payment of the fee assessed under subparagraph (B), the Commissioner of U.S.

Customs and Border Protection shall seize the cargo or freight until the Administrator informs the Commissioner of U.S. Customs and Border Protection that all outstanding fees assessed under subparagraph (B) have been paid.

(d) RECOGNITION OF FOREIGN POLLUTION FEES.—If a vessel with cargo or freight ultimately bound for the United States, or an operator of such a vessel, is subject to a pollution-based fee by the country of the port of origin of the vessel, any fee assessed on the operator of the vessel or an importer with cargo or freight on that vessel under this section shall be—

(1) if the fee from the other country is equal to or more than 50 percent of the fee that would otherwise be assessed under this section, reduced by 50 percent; and

(2) if the fee from the other country is less than 50 percent of the fee that would otherwise be assessed under this section, reduced by an amount equal to the amount of the fee from the other country.

(e) SUNSET PROVISION.—This section ceases to apply on the date on which the Administrator publishes in the Federal Register a determination that the International Maritime Organization or another agency of the United Nations has instituted and is enforcing a global fee on lifecycle carbon dioxide-equivalent emissions from operators of covered voyages that is in an amount equal to or greater than the fees assessed for a covered voyage under this section.

SEC. 6. FEES ON CRITERIA AIR POLLUTANTS.

(a) EMISSIONS PROFILE.—Not later than January 1, 2024, the Administrator shall develop a lifecycle emissions profile for each fuel used in maritime shipping to express the emissions from the combustion of that fuel of each of nitrogen oxides, sulfur dioxide, and fine particulate matter ($PM_{2.5}$) per unit mass combusted.

(b) ASSESSMENT OF FEE.—

(1) IN GENERAL.—Beginning on January 1, 2024, not later than 30 days after the date on which the Administrator receives from the operator of a covered voyage the information required to be submitted under section 4(a), the Administrator, in conjunction with the Secretary of the Treasury, shall assess on the operator a fee with respect to the covered voyage in an amount determined in accordance with paragraph (2).

(2) AMOUNT OF FEE.—

(A) IN GENERAL.—Subject to subparagraph (B), the amount of a fee assessed under subsection (a) shall be the total sum of, for each type of fuel consumed during the covered voyage—

(i) the product obtained by multiplying—

(I) the total mass of the fuel consumed during the covered voyage within the exclusive economic zone;

(II) the quantity of nitrogen oxides emitted by the consumption of the fuel, expressed in pounds per unit mass of fuel consumed, as determined under subsection (a); and

(III) $6.30;

(ii) the product obtained by multiplying—

(I) the total mass of the fuel consumed during the covered voyage within the exclusive economic zone;

(II) the quantity of sulfur dioxide emitted by the consumption of the fuel, expressed in pounds per unit mass of fuel consumed, as determined under subsection (a); and

(III) $18; and

(iii) the product obtained by multiplying—

(I) the total mass of the fuel consumed during the covered voyage within the exclusive economic zone;

(II) the quantity of fine particulate matter emitted by the consumption of the fuel, expressed in pounds per unit mass of fuel consumed, as determined under subsection (a); and

(III) $38.90.

(B) INFLATION ADJUSTMENT.—Beginning in calendar year 2025, the Administrator shall annually increase the amounts described in clauses (i)(III), (ii)(III), and (iii)(III) of subparagraph (A) by the percentage that is equal to the sum obtained by adding—

(i) the rate of inflation, as determined by the Administrator using the changes for the 12-month period ending the preceding November 30 in the Consumer Price Index for All Urban Consumers published by the

Bureau of Labor Statistics of the Department of Labor; and

(ii) 5 percentage points.

(3) DEADLINE.—A fee assessed under paragraph (1) shall be due and payable to the Administrator not later than the later of—

(A) the date that is 30 days after the date on which the fee is assessed; and

(B) the end of the calendar year in which the fee is assessed.

(4) PENALTY.—Notwithstanding any other provision of law or any circumstances that jeopardize the safety of a vessel the voyage of which is a covered voyage, the persons aboard such a vessel, or the environment, if an operator fails to pay a fee assessed under paragraph (1) by the date described in paragraph (3)—

(A) the Administrator shall inform the Commandant of the Coast Guard of the failure of the operator to pay the fee; and

(B) the Commandant of the Coast Guard shall, until the Administrator informs the Commandant of the Coast Guard that all outstanding fees assessed under paragraph (1) have been paid, prohibit—

(i) the operator from operating within the waters of the United States; and

(ii) vessels of the operator from docking at ports of call in the United States.

SEC. 7. DECARBONIZING SHIPPING AND PORTS.

(a) MODERNIZING THE JONES ACT FLEET.—

(1) DEFINITIONS.—In this subsection:

(A) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Maritime Administration.

(B) JONES ACT VESSEL.—The term "Jones Act vessel" means a documented vessel (as defined in section 106 of title 46, United States Code) with a coastwise endorsement under section 12112 of that title.

(C) LOW-CARBON FUEL.—The term "low-carbon fuel" means a marine fuel the lifecycle carbon dioxide-equivalent emissions of which is at least 90 percent less than the lifecycle carbon dioxide-equivalent emissions of marine fuel oil.

(D) PROGRAM.—The term "program" means the program established under paragraph (2).

(E) VESSEL OF THE UNITED STATES.—The term "vessel of the United States" has the meaning given the term in section 116 of title 46, United States Code.

(2) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Maritime Administration an amount equal to 25 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to award grants, rebates, and low-interest loans, as determined appropriate by the Administrator, to eligible entities—

(A) to replace existing Jones Act vessels that use marine fuel oil for propulsion power with vessels that are propelled using batteries or low-carbon fuels; or

(B) to retrofit existing Jones Act vessels that use marine fuel oil for propulsion power into vessels that are propelled using batteries or low-carbon fuels.

(3) MODELED OFF DIESEL EMISSIONS REDUCTION ACT.—To the extent practicable, the Administrator shall administer the program in a manner similar to the national grant program of the Administrator of the Environmental Protection Agency

under subtitle G of title VII of the Energy Policy Act of 2005 (42 U.S.C. 16131 et seq.).

(4) ELIGIBLE ENTITIES.—An entity eligible for an award under the program is an owner of a Jones Act vessel that currently uses marine fuel oil for propulsion power.

(5) SELECTION.—

(A) APPLICATION.—An eligible entity seeking an award under the program shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require, which shall include a certification that an award under the program will be used, as applicable—

(i) to purchase, or enter into a contract for the construction of, a vessel that exclusively uses a battery or low-carbon fuels for all propulsion power; or

(ii) to retrofit an existing Jones Act vessel that uses marine fuel oil for propulsion power into a vessel that is propelled using batteries or low-carbon fuels.

(B) PRIORITY.—In selecting the recipients of awards under the program, the Administrator shall give priority to entities the replacement of whose vessels with vessels that use batteries or low-carbon fuels for all propulsion power would—

(i) maximize the reduction of greenhouse gas emissions;

(ii) maximize the public health benefits from the reduction of criteria air pollutants;

(iii) maximize water quality in ports and other bodies of water;

(iv) maximize public health and environmental benefits from every dollar spent under the program; and

(v) alleviate air pollution in poor air quality areas, including—

(I) areas identified by the Administrator of the Environmental Protection Agency as in nonattainment or maintenance of national ambient air quality standards promulgated under section 109 of the Clean Air Act (42 U.S.C. 7409) for criteria air pollutants; and

(II) other areas that receive a disproportionate quantity of air pollution, as determined by the Administrator of the Environmental Protection Agency.

(6) CLAWBACK.—If the Administrator determines that the recipient of an award under the program has violated the certification required under paragraph (5)(A), the Administrator shall seek reimbursement of the full amount of the award provided to the recipient.

(7) MODERNIZING VESSELS OF THE UNITED STATES.—If the Administrator determines that no existing Jones Act vessels are eligible to receive funding under the program, for the duration of that determination, paragraphs (2) through (6) shall be applied by substituting "vessel of the United States" for "Jones Act vessel".

(b) RESEARCH AND DEVELOPMENT FOR LOW-CARBON MARITIME FUELS AND LOW-EMISSION MARITIME TECHNOLOGIES.—

(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term "eligible entity" means—

(A) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal government;

(B) a maritime shipping or logistics company;

(C) a port authority;

(D) an accredited institution of higher education;

(E) a research institution;

(F) a person engaged in the production, transportation, blending, or storage of sustainable maritime fuel in the United States or feedstocks in the United States that may be used to produce sustainable maritime fuel;

(G) a person engaged in the development, demonstration, or application of low-emission maritime technologies; and

(H) a nonprofit entity or nonprofit consortium with experience in sustainable maritime fuels, low-emission maritime technologies, or other clean transportation research programs.

(2) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Department of Energy an amount equal to 25 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to award competi-

tive grants to eligible entities to carry out projects in the United States—

(A) to produce, transport, blend, or store low-carbon maritime fuels; or

(B) to develop, demonstrate, or apply low-emission maritime technologies.

(3) PRIORITY.—In awarding grants under the program established under paragraph (2), the Secretary of Energy shall give priority to projects that maximize—

(A) the domestic production and deployment of sustainable maritime fuels or the use of low-emission maritime technologies in commercial maritime;

(B) reductions in greenhouse gas emissions;

(C) public health benefits from criteria air pollutant reductions;

(D) water quality in ports and other bodies of water;

(E) public health and environmental benefits from every dollar spent under that program; and

(F) the creation of new jobs in the United States.

(c) WORKFORCE DEVELOPMENT.—

(1) DEFINITIONS.—In this subsection:

(A) LOW-CARBON FUEL.—The term "low-carbon fuel" means a marine fuel the lifecycle carbon dioxide-equivalent emissions of which is at least 90 percent less than the lifecycle carbon dioxide-equivalent emissions of marine fuel oil.

(B) MARITIME ACADEMY.—The term "maritime academy" means—

(i) the United States Merchant Marine Academy;

(ii) a State maritime academy; and

(iii) a center of excellence for domestic maritime workforce training and education designated under section 51706(a) of title 46, United States Code.

(C) PROGRAM.—The term "program" means the program established under paragraph (2).

(D) ZERO-EMISSION PORT EQUIPMENT OR TECHNOLOGY.—The term "zero-emission port equipment or technology" has the meaning given the term in section 133(d) of the Clean Air Act (42 U.S.C. 7433(d)).

(2) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Environmental Protection Agency an amount equal to 5 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to award grants and rebates to support workforce training and development for the maintenance and operation of zero-emission port equipment or technology and vessels that are propelled using batteries or low-carbon fuels, including training, programming, and curriculum development at maritime academies on the maintenance and operation of zero-emission port equipment or technology and vessels that are propelled using batteries or low-carbon fuels.

(3) ELIGIBLE ENTITIES.—An entity eligible to receive an award under the program is—

(A) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal agency that has jurisdiction over a port authority or a port;

(B) a port authority;

(C) an air pollution control agency;

(D) a maritime academy; and

(E) a private entity that—

(i) applies for a grant under this subsection in partnership with an entity described in any of subparagraphs (A) through (D); and

(ii) owns, operates, or uses—

(I) vessels, the primary purpose of which are transporting cargo or freight, that are propelled using batteries or low-carbon fuels; or

(II) the facilities, cargo-handling equipment, transportation equipment, or related technology of a port.

(4) APPLICATION.—An eligible entity seeking an award under the program shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require.

(d) HARBOR CRAFT ELECTRIFICATION.—

(1) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Environmental Protection Agency an amount equal to 10 percent of the

amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to award grants, rebates, or low-interest loans, as determined appropriate by the Administrator—

(A) to replace existing harbor craft, except for ferry vessels, with vessels that use batteries for all propulsion power; and

(B) to support workforce development and training to support the maintenance, charging, fueling, and operation of vessels described in subparagraph (A).

(2) MODELED OFF DIESEL EMISSIONS REDUCTION ACT.—To the extent practicable, the Administrator shall administer the program established under paragraph (1) in a manner similar to the national grant program of the Administrator under subtitle G of title VII of the Energy Policy Act of 2005 (42 U.S.C. 16131 et seq.).

(3) ELIGIBLE ENTITIES.—An entity eligible to receive an award under the program established under paragraph (1) is—

(A) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal agency that has jurisdiction over a port authority or a port;

(B) a port authority; and

(C) a private entity that—

(i) applies for an award under this subsection in partnership with an entity described in subparagraph (A) or (B); and

(ii) owns, operates, or uses harbor craft, except for ferry vessels.

(4) SELECTION.—

(A) APPLICATION.—An eligible entity seeking an award under the program established under paragraph (1) shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require, which shall include a certification that an award under the program will be used to purchase a vessel that exclusively uses a battery for all propulsion power.

(B) PRIORITY.—In selecting the recipients of awards under the program established under paragraph (1), the Administrator shall give priority to entities the replacement of whose harbor crafts with vessels that use batteries for all propulsion power would—

(i) maximize the reduction of greenhouse gas emissions;

(ii) maximize the public health benefits from the reduction of criteria air pollutants;

(iii) maximize water quality in ports and other bodies of water;

(iv) maximize public health and environmental benefits from every dollar spent under the program; and

(v) alleviate air pollution in poor air quality areas, including—

(I) areas identified by the Administrator as in nonattainment or maintenance of national ambient air quality standards promulgated under section 109 of the Clean Air Act (42 U.S.C. 7409) for criteria air pollutants; and

(II) other areas that receive a disproportionate quantity of air pollution, as determined by the Administrator.

(5) CLAWBACK.—If the Administrator determines that the recipient of an award under the program established under paragraph (1) has violated the certification required under paragraph (4)(A),

the Administrator shall seek reimbursement of the full amount of the award provided to the recipient.

(e) FERRY ELECTRIFICATION.—

(1) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Environmental Protection Agency an amount equal to 10 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to award grants, rebates, or low-interest loans, as determined appropriate by the Administrator—

(A) to replace existing ferry or crew vessels with vessels that use batteries for all propulsion power; and

(B) to support workforce development and training to support the maintenance, charging, fueling, and operation of vessels described in subparagraph (A) that use batteries for all propulsion power.

(2) MODELED OFF DIESEL EMISSIONS REDUCTION ACT.—To the extent practicable, the Administrator shall administer the program established under paragraph (1) in a manner similar to the national grant program of the Administrator under

subtitle G of title VII of the Energy Policy Act of 2005 (42 U.S.C. 16131 et seq.).

(3) ELIGIBLE ENTITIES.—An entity eligible to receive an award under the program established under paragraph (1) is—

(A) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal agency that has jurisdiction over a ferry line;

(B) a port authority; and

(C) a private entity that—

(i) applies for an award under this subsection in partnership with an entity described in subparagraph (A) or (B); and

(ii) owns, operates, or uses ferry or crew vessels.

(4) SELECTION.—

(A) APPLICATION.—An eligible entity seeking an award under the program established under paragraph (1) shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require, which shall include a certification that an award under the program will be used to purchase a vessel that exclusively uses a battery for all propulsion power.

(B) PRIORITY.—In selecting the recipients of awards under the program established under paragraph (1), the Administrator shall give priority to entities the replacement of whose ferry or crew vessels with vessels that use batteries for all propulsion power would—

(i) maximize the reduction of greenhouse gas emissions;

(ii) maximize the public health benefits from the reduction of criteria air pollutants;

(iii) maximize water quality in ports and other bodies of water;

(iv) maximize public health and environmental benefits from every dollar spent under the program; and

(v) alleviate air pollution in poor air quality areas, including—

(I) areas identified by the Administrator as in nonattainment or maintenance of national ambient air quality standards promulgated under section 109 of the Clean Air Act (42

U.S.C. 7409) for criteria air pollutants; and

(II) other areas that receive a disproportionate quantity of air pollution, as determined by the Administrator.

(5) CLAWBACK.—If the Administrator determines that the recipient of an award under the program established under paragraph (1) has violated the certification required under paragraph (4)(A), the Administrator shall seek reimbursement of the full amount of the award provided to the recipient.

(f) INCREASED AIR MONITORING IN PORT COMMUNITIES.—

(1) ESTABLISHMENT.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Environmental Protection Agency an amount equal to 3 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to provide grants, rebates, or low-interest loans, as determined appropriate by the Administrator, to create fenceline air monitoring at port boundaries and

in communities located within 1 mile of a port boundary.

(2) ELIGIBLE ENTITIES.—An entity eligible to receive an award under the program established under paragraph (1) is—

(A) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal government;

(B) a State (including the District of Columbia and territories of the United States), regional, local, or Tribal agency that has jurisdiction over a port authority or port;

(C) a port authority;

(D) an air pollution control agency; and

(E) a nonprofit entity or nonprofit consortium with experience in air pollution monitoring.

(3) APPLICATION.—An eligible entity seeking an award under the program established under paragraph (1) shall submit to the Administrator an application at such time, in such manner, and containing such information as the Administrator may require.

(g) FUNDING OF EXISTING PROGRAMS.—

(1) CLEAN PORTS PROGRAM.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Environmental Protection Agency an amount equal to 10 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to carry out the program established under section 133 of the Clean Air Act (42 U.S.C. 7433).

(2) PORT INFRASTRUCTURE DEVELOPMENT PROGRAM.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Department of Transportation an amount equal to 7 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to carry out the program established under section 54301 of title 46, United States Code.

(3) OCEANS AND COASTAL SECURITY.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the National Oceanic and Atmospheric Administration an amount equal to 3 percent of the amounts collected pursuant to fees

assessed under sections 5 and 6 during the previous calendar year for deposit into the National Oceans and Coastal Security Fund established under section 904(a) of the National Oceans and Coastal Security Act (16 U.S.C. 7503).

(4) MARINE DEBRIS FOUNDATION.—For fiscal year 2026 and each fiscal year thereafter, there are appropriated, out of any funds in the Treasury not otherwise appropriated, to the Department of Commerce an amount equal to 2 percent of the amounts collected pursuant to fees assessed under sections 5 and 6 during the previous calendar year to carry out subtitle B of title I of the Save Our Seas 2.0 Act (33 U.S.C. 4211 et seq.).

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S. 1917 / H.R. 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia, Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espaillat)
Clean Shipping Act of 2023

Summary: The Clean Shipping Act of 2023 would amend the Clean Air Act to establish standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

Background: The Clean Shipping Act of 2023 and the International Maritime Pollution Accountability Act are a package of bills introduced by Senators Alex Padilla, Sheldon Whitehouse, Dianne Feinstein, and Corey Booker to address greenhouse gas (GHG) emissions and air pollution from ocean going vessels (OGV). The House companion bill to the Clean Shipping Act (H.R. 4024) was introduced by Representatives Robert Garcia and Nanette Barragán.

This bill is endorsed by the following environmental and community organizations: Achieving Community Tasks Successfully; Azul; Breathe Southern California; California Environmental Voters; Catholic Charities Diocese of Stockton; Center for Biological Diversity; Center for Human Rights and Environment; Earthjustice; Environmental Defense Fund; Environmental Investigation Agency; Environmental Justice Committee, AAPI Equity Alliance; Faith Action Climate Team; Friends of the Earth; Green Latinos; Healthy Port Communities Coalition; Inland Ocean Coalition; Little Manila Rising; Long Beach Alliance for Children with Asthma; National Ocean Protection Coalition; New York City Environmental Justice Alliance; Ocean Conservancy; Ocean Defense Initiative; Opportunity Green; Pacific Environment; People for Climate Action – Seattle; Regional Asthma Management & Prevention; Restoring Earth Connection; San Pedro & Peninsula Homeowners Coalition; Seattle Cruise Control; Sierra Club; STAND.earth; Unitarian Universalist Church of Long Beach; Washington Physicians for Social Responsibility; and Waterway Advocates.

The Clean Shipping Act is supported by the following businesses and organizations: ABB; CALSTART; Cape Horn Engineering; Corvus Energy; Dealfeng New Energy Technology Ltd.; Evolve Hydrogen Inc.; Fourth Tack LLC; Future Proof Shipping B.V.; Green Hydrogen Coalition; Hy Stor Energy; International Windship Association; Maersk; Magnuss Corp.; NAVTEK NAVAL TECHNOLOGIES INC.; Ocean Assets Institute; Renewable Hydrogen Alliance; SHIFT Clean Solutions Ltd.; Spaera; Sustainable Ships; Unitrove; Wattlab; Wind+Wing Technologies Inc.; Zero Emissions Ship Technology Association; and ZULU Associates.

Status: 6/8/23 – Introduced in Senate and House.

Specific Provisions: The Clean Shipping Act would require U.S. EPA to promulgate regulations to reduce the carbon intensity of fuel used by OGVs and to eliminate GHG emissions and air pollutants from OGVs at berth or at-anchor at U.S. ports. The intent of the bill is to reduce GHG emissions by 2040 to be consistent with the Paris Agreement goal to limit warming to 1.5

degrees Celsius; and to reach zero-emissions for GHG and air pollutants at berth or at-anchor by 2030.

The bill would create progressively lower carbon intensity standards for fuels used by OGVs. The baseline for the fuel standards would be the average carbon intensity of fuel used by all vessels on covered voyages in the calendar year 2024. The standards would be as follows:

- 2027 - 2029: at least 20% less than baseline
- 2030 - 2034: at least 45% less than baseline
- 2040 and thereafter: 100% reduction

The bill includes flexibility for U.S. EPA to set less stringent fuel standards based on technological and economic feasibility with consideration for potential adverse impacts on public health and safety. including with respect to air quality, water, and waste. It also would allow U.S. EPA to harmonize with standards established by the International Maritime Organization (IMO) that are equal or more stringent.

Impacts on South Coast AQMD's Mission, Operations, or Initiatives: The South Coast Air Basin is home to more than 17 million people, including nearly two-thirds of the state's overburdened environmental justice communities. This region has some of the worst air quality in the nation and is in extreme non-attainment for ozone and severe non-attainment for $PM_{2.5}$.

The largest source of air pollution in the South Coast Air Basin stems from mobile sources related to goods movement activity in and around the San Pedro Bay Ports, including heavy-duty trucks, OGVs, locomotives, aircraft and off-road equipment. OGVs are quickly becoming the largest source of air pollution in our region as heavy-duty trucks and other equipment become cleaner.

Regulatory authority over OGVs is complex, involving international and domestic governmental organizations. While state and local government have some authority to reduce air pollution related to OGVs, the federal government has the strongest ability to regulate emissions in U.S. waters and to influence the IMO and other foreign stakeholders. The Clean Shipping Act would require the U.S. EPA Administrator to take a more aggressive approach to reducing GHG emissions from OGVs coming to call at U.S. ports.

The bill provisions related to OGVs would take effect 3-years later than CARB's 2020 At-Berth regulations, which requires the last class of vessels to comply by January 1, 2027. However, the Clean Shipping Act would require elimination of both GHG and criteria pollutants at-berth and at-anchor. The Clean Shipping Act also sends signals to the IMO and foreign stakeholders that the U.S. is committed to reducing GHGs and air pollution from OGVs in our nation's waters.

The bill authors have indicated willingness to discuss potential improvements to ensure criteria pollutants are reduced and not adversely impacted by GHG measures. Overall, the Clean

Shipping Act is in alignment with South Coast AQMD's efforts to reduce air pollution from OGVs and sends a clear message that emissions reductions from OGVs are needed to the domestic and international governmental bodies.

Recommended Position: SUPPORT

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118TH CONGRESS
1ST SESSION

S. 1917

To amend the Clean Air Act to provide for the establishment of standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 8, 2023

Mr. PADILLA (for himself, Mr. WELCH, Mr. WHITEHOUSE, Mr. BOOKER, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

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A BILL

To amend the Clean Air Act to provide for the establishment of standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Clean Shipping Act of 2023”.

SEC. 2. MARINE ZERO GREENHOUSE GAS FUEL STANDARD.

The Clean Air Act is amended by inserting after section 212 (42 U.S.C. 7546) the following:

"SEC. 212A. MARINE ZERO GREENHOUSE GAS FUEL STANDARD.

"(a) MARINE VESSEL FUEL CARBON INTENSITY STANDARDS.—

"(1) STANDARDS.—The Administrator shall, by regulation and except as provided in paragraph (3), require each vessel on a covered voyage to comply with standards for the carbon intensity of the fuel used by that vessel so that the carbon intensity is—

"(A) in each of calendar years 2027 through 2029, at least 20 percent less than the carbon intensity baseline;

"(B) in each of calendar years 2030 through 2034, at least 45 percent less than the carbon intensity baseline;

"(C) in each of calendar years 2035 through 2039, at least 80 percent less than the carbon intensity baseline; and

"(D) in calendar year 2040 and each calendar year thereafter, 100 percent less than the carbon intensity baseline.

"(2) PROMULGATION OF STANDARDS.—The Administrator shall finalize—

"(A) the standard required by paragraph (1)(A) by not later than January 1, 2026; and

"(B) the standards required by each of subparagraphs (B) through (D) of paragraph (1) by not later than 2 years before the respective standard goes into effect.

"(3) TECHNOLOGICAL OR ECONOMIC FEASIBILITY.—

"(A) IN GENERAL.—If the Administrator determines that a reduction in carbon intensity required under paragraph (1) is not technologically or economically feasible by the applicable deadline under that paragraph, the Administrator, in lieu of promulgating the standard otherwise required by that paragraph, shall promulgate a standard that will achieve the maximum reduction in the carbon intensity of the fuel used by vessels on covered voyages that is technologically and economically feasible by the applicable deadline.

"(B) CONSIDERATIONS.—In determining technological and economic feasibility for purposes of subparagraph (A), the Administrator shall take into account the net reduction of emissions of greenhouse gases and potential adverse impacts on public health, safety, and the environment, including with respect to air quality, water quality, and the generation and disposal of solid waste.

"(4) HARMONIZATION WITH INTERNATIONAL STANDARDS.—If the Administrator determines that standards mandated by the International Maritime Organization for reduction of the carbon intensity of fuel used by vessels for a calendar year are equal to or more stringent than the standards under paragraph (1) for that calendar year, the Administrator may adopt those standards.

"(5) EXEMPTION.—Any vessel that is on covered voyages for 30 days or fewer during a calendar year shall be exempt from the standards promulgated under this subsection for that year.

"(6) COMMON OWNERSHIP OR CONTROL.—For purposes of determining compliance with any standard established under this subsection, the Administrator may allow the carbon intensity of the fuels used by vessels under common ownership or control to be averaged.

"(7) OVERCOMPLIANCE.—The Administrator may allow vessels to credit overcompliance with any standard established under this subsection towards demonstrating compliance with any future standard under this subsection.

"(b) MONITORING AND REPORTING.—

"(1) LIST OF METHODS.—

"(A) IN GENERAL.—The Administrator shall develop a list of acceptable methods for monitoring and reporting compliance with the standards established under subsection (a).

"(B) CONSISTENCY OF METHODS.—The Administrator, to the maximum extent practicable, shall ensure the consistency of the methods included in the list required under subparagraph (A) with similar reporting schemes developed by the European Union and the International Maritime Organization.

"(2) ANNUAL REPORTING REQUIREMENTS.—For each calendar year, a vessel shall report to the Administrator—

"(A) the carbon intensity of the fuel used for each covered voyage;

"(B) the amount of fuel used for each covered voyage; and

"(C) the total greenhouse gas emissions measured in carbon dioxide equivalent for all covered voyages.

"(3) ANNUAL REPORT.—Not later than 180 days after the end of each annual reporting period under paragraph (2), the Administrator, in consultation with the Secretary of Transportation and the Commandant of the Coast Guard, shall publish a report that—

"(A) compiles the data reported under paragraph (2); and

"(B) includes an explanation intended to facilitate public understanding of—

"(i) the carbon dioxide equivalent emissions of vessels on covered voyages; and

"(ii) the carbon intensity of fuels used by those vessels.

"(c) ENFORCEMENT.—The standards established under subsection (a) and the annual reporting requirements of subsection (b)(2) shall be considered an emission standard or limitation for purposes of section 304(a)(1).

"(d) DEFINITIONS.—In this section:

"(1) CARBON DIOXIDE EQUIVALENT.—The term 'carbon dioxide equivalent' means the number of metric tons of carbon dioxide emissions with the same global warming potential as 1 metric ton of another greenhouse gas, as calculated using Equation A–1 in section 98.2(b) of title 40, Code of Federal Regulations (as in effect on the date of enactment of this section).

"(2) CARBON INTENSITY.—The term 'carbon intensity' means the quantity of lifecycle greenhouse gas emissions per unit of fuel energy, expressed in grams of carbon dioxide equivalent per megajoule.

"(3) CARBON INTENSITY BASELINE.—The term 'carbon intensity baseline' means the average carbon intensity of the fuel used by all vessels on covered voyages in calendar year 2024.

"(4) COVERED VOYAGE.—The term 'covered voyage' means any voyage of a vessel for the purpose of transporting passengers or cargo for commercial purposes—

"(A) that is between any ports of call under the jurisdiction of the United States; or

"(B) that is between a port of call under the jurisdiction of the United States and a port of call under the jurisdiction of a foreign country.

"(5) GREENHOUSE GAS.—The term 'greenhouse gas' means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

"(6) LIFECYCLE GREENHOUSE GAS EMISSIONS.—The term 'lifecycle greenhouse gas emissions' has the meaning given the term in section 211(o)(1).

"(7) PORT OF CALL.—The term 'port of call' means the port where a vessel stops to load or unload cargo or to embark or disembark passengers.

"(8) VESSEL.—The term 'vessel' means a vessel of 400 gross tonnage or more.".

SEC. 3. IN-PORT MARINE VESSEL ZERO EMISSION STANDARDS.

Section 213 of the Clean Air Act (42 U.S.C. 7547) is amended by adding at the end the following:

"(e) IN-PORT MARINE VESSEL ZERO EMISSION STANDARDS.—

"(1) STANDARDS.—Except as provided in paragraph (2) and not later than January 1, 2026, the Administrator shall promulgate (and from time to time revise) standards to eliminate, by not later than January 1, 2030, emissions of greenhouse gases and air pollutants for which air quality criteria have been issued under section 108 from vessels at anchorage or at berth in the contiguous zone of the United States (as described in Presidential Proclamation

7219 (43 U.S.C. 1331 note; 64 Fed. Reg. 48701, 49844)).

"(2) Exception.—If the Administrator determines that standards required by paragraph (1) are not technologically or economically feasible, the Administrator shall promulgate standards that achieve the maximum reduction of the emissions described in that paragraph from the vessels described in that paragraph that is technologically and economically feasible.

"(3) Considerations.—In determining technological and economic feasibility under paragraph (2), the Administrator shall take into account the net reduction of emissions of greenhouse gases, the net reduction of emissions of air pollutants for which air quality criteria have been issued under section 108, and potential adverse impacts on public health, safety, and the environment, including with respect to air quality, water quality, and the generation and disposal of solid waste.".

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BOARD MEETING DATE: November 3, 2023 AGENDA NO.

PROPOSAL: Amend Contracts for Legislative Representation in Washington, D.C.

SYNOPSIS: The current contracts for legislative and regulatory representation in Washington D.C. with Kadesh & Associates, LLC, Cassidy & Associates, and Carmen Group Inc., expire on January 14, 2024. Each of these contracts includes an option for two one-year extensions. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2024 with Kadesh & Associates, LLC for $226,392; Cassidy & Associates for $216,000; and Carmen Group Inc. for $222,090 as South Coast AQMD's legislative and regulatory representatives in Washington D.C., to further the agency's policy positions at the federal level. Sufficient funding is available in the Legislative, Public Affairs & Media FY 2023-24 Budget.

COMMITTEE: Legislative, October 13, 2023; Recommended for Approval

RECOMMENDED ACTION:
Authorize the Chair to execute contract extensions with Kadesh & Associates for $226,392, Cassidy & Associates, Inc. for $216,000 and Carmen Group, Inc. for $222,090, for legislative consulting services in Washington, D.C. for one year beginning on January 15, 2024.

Wayne Nastri
Executive Officer

DJA:LTO:PFC

Background
In 2021, the Board selected Kadesh & Associates (Kadesh), Cassidy & Associates (Cassidy) and the Carmen Group (Carmen) for legislative and regulatory representation in Washington, D.C. for one year beginning on January 15, 2022, with an option for up to two one-year renewals upon satisfactory performance, at the

Board's discretion. The three one-year contracts were extended for an additional year and they will all expire on January 14, 2024. Each agreement includes an option for one additional one-year extension.

In 2023, the firms of Kadesh, Cassidy and Carmen represented South Coast AQMD in Washington, D.C. and performed at a high professional level. The firms have been effective in working with the Governing Board and staff to sustain active engagement in federal legislative, policy and regulatory issues with the Administration, Congressional Members and staff, industry, environmental and health organizations, and other stakeholders in a manner that facilitates South Coast AQMD's policy priorities.

Kadesh is a bipartisan federal advocacy firm specializing in California interests. Kadesh's team has considerable experience working as senior Congressional staffers in the House and the Senate. Mark Kadesh, President, is the primary contact with Ben Miller, Principal Consultant, for South Coast AQMD. Mr. Kadesh has extensive legislative and political experience and insights gained from his seventeen years working on Capitol Hill. Mr. Miller worked for more than seventeen years as an advisor for Members of the California Congressional Delegation.

Cassidy is a bipartisan federal government relations firm with more than 45 years of demonstrated experience. Amelia Morales, Executive Vice President, Jed Dearborn and Lio Barrera, Senior Vice Presidents, and Samantha Swing, Vice President, serve as South Coast AQMD's primary representatives. Ms. Morales joined Cassidy after serving as Deputy Staff Director and Senior Policy Advisor to the U.S. House Committee on Natural Resources. Mr. Dearborn served as Senior Counsel to the U.S. Senate Committee on Energy and Natural Resources. Mr. Barrera worked in private industry and for two Senators. Ms. Swing staffed a Member of the Senate and a former Senate Majority Leader.

Carmen is a bipartisan government affairs firm with decades of experience in legislative representation and government relations, including building industry coalitions. Gary Hoitsma, Executive Managing Associate, and Dal Harper, Executive Managing Director, are the primary representatives for South Coast AQMD. Mr. Hoitsma served eight years as a top aide for Chairman of the Senate Armed Services Committee and Chairman of the Environment & Public Works Committee. Mr. Harper brings two decades of government relations and legislative experience including with several agencies.

While the 118^{th} Congress is still in progress, below are some of the accomplishments and issues worked on by these three firms in 2023:

- **Appropriations and Legislation**

- Targeted Airshed Grants increased from $62 million in Fiscal Year (FY) 2022 $69.9 million in FY 2023.
- Diesel Emissions Reduction Act (DERA) increased from $92 million in FY 2022 to $100 million in FY 2023
- Section 103/105 increased from $231.5 million in FY 2022 to $249 million in FY 2023. .
- Secured $500,000 Congressionally Directed Spending Request for Fuel Cell Line Haul Locomotive project.
- Worked with Congressional staff on the introduction of legislation related to ocean-going vessels and reauthorization of the Diesel Emissions Reduction Act.

- **California Air Pollution Control Officers Association (CAPCOA) D.C. Advocacy Trip, February 6 – 8, 2023**
  - Assisted with coordination and scheduling of advocacy meetings for eight (8) California air agencies and CAPCOA.
  - Participated in twenty-seven meetings with federal agencies and Members of Congress of which 19 were secured by Kadesh, Cassidy and Carmen.

- **Support for Federal Actions & Funding**
  - Worked with Office of Senator Alex Padilla to send letter to U.S. EPA Administrator Michael Regan and Principal Deputy Assistant Administrator Joseph Goffman regarding South Coast region and impacts of goods movement on air quality requesting policy and funding to meet Clean Air Act standards.
  - Facilitated California Congressional Delegation Letter with 24 Members signatures to the Administration supporting a "Whole of Government" approach to address supply chain, air pollution, climate, and environmental justice issues. The letter included guidance including South Coast AQMD recommendations to prioritize funding from the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA) and other programs.
  - Secured letters of support for South Coast AQMD Congressional Delegation for Port Infrastructure Development Program and Charging and Fueling Infrastructure grant programs.
  - Supported two-day visit by Policy Advisors from Office of Senator Alex Padilla focused on goods movement and air quality issues.

The consultants have represented South Coast AQMD well through their advocacy efforts. Continued representation in Washington, D.C. is necessary to further the agency's legislative, regulatory and policy objectives. The South Coast and Coachella Valley Air Basins nonattainment status and the threat of Clean Air Act sanctions require substantial, consistent engagement with Congress and the Administration.

In 2024 South Coast AQMD advocacy will continue to focus on funding, regulations, and policies to address emissions from heavy-duty trucks, ocean-going vessels, locomotives, aircraft, and off-road equipment. Additional areas of interest are energy, infrastructure, residential and commercial building efficiencies, environmental justice, air monitoring and related programs. The consulting firms will also assist South Coast AQMD to advocate for favorable program guidance and/or funding from the American Rescue Plan, Bipartisan Infrastructure Law, Inflation Reduction Act, appropriations process and other legislation.

Proposal

Staff recommends retaining Kadesh, Cassidy and Carmen for Calendar Year 2024, given their successful efforts in 2023 and their ability to build upon these efforts in the coming year. Continuity of representation is critical to strategically advocate with pending nonattainment and Clean Air Act issues.

Pursuant to the original contract, the Governing Board has discretion to exercise options for two one-year extensions. This proposal is to approve the second one-year extension for all three consulting contracts.

Resource Impacts

The Legislative, Public Affairs, and Media Budget for FY 2023-24 has sufficient funds for legislative advocacy in Washington D.C.

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Carmen Group
INCORPORATED

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: September 28, 2023

Re: Federal Update -- Executive Branch

Congressional Outlook: As Congress approached the end of the Federal fiscal year on September 30th with little progress on appropriations bills, a government shutdown appeared next to inevitable, leaving great uncertainty about how the end-of-the-year wrap-up on FY24 spending and policy would unfold. The immediate sticking point was lack of agreement about a short-term continuing resolution (CR), the business-as-procedure for averting a shutdown and giving Congress more time to settle differences. House Republicans were hoping to agree among themselves on a CR that would make incremental progress on controlling spending, addressing the border, and forcing a negotiation with the Senate, but were mostly unsuccessful as the deadline approached.

Department of Transportation

FRA Announces CRISI Grant Awards: In September, the Federal Railroad Administration (FRA) announced the award of $1.4 billion from the Bipartisan Infrastructure Law for 70 grants under the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program. California received six grants, at least three of which explicitly involve projects designed to reduce rail emissions from locomotives. Meanwhile, the FRA is expected to announce the availability of significantly increased new funding for the next round of CRISI grants by the end of this year.

DOT Announces Funds Available for EV Charger Reliability: In September, the Department of Transportation announced the availability of $100 million from the Bipartisan Infrastructure Law to repair and replace existing but non-operational publicly-available electric vehicle (EV) charging infrastructure. The funds of are part of a legally mandated 10% set-aside from the National Electric Vehicle Infrastructure (NEVI) formula program which is helping states build out a national system of new EV charging stations. Applications due November 13, 2023.

FAA Announces Funds Available for Reduced-Emission Aviation Projects: In September, the Federal Aviation Administration (FAA) announced the availability of nearly $300 million from the Inflation Reduction Act for Sustainable Aviation Fuels (SAF) grants designed to reduce emissions from aviation. These include $245 million for infrastructure projects and $47 million for low-emission aviation technology projects. Applications due November 27, 2023

<u>FAA Appointment</u>: In September, the President nominated Michael Whitaker to be Administrator of the Federal Aviation Administration. Whitaker is a former FAA Deputy Administrator with 30 years of aviation experience, currently serving as CEO of a Hyundai company designing an electric advanced air mobility vehicle.

Environmental Protection Agency

<u>EPA Announces Funds Available for Climate Pollution Reduction Grants</u>: In September, the Environmental Protection Agency (EPA) announced the availability of $4.6 billion for the Climate Pollution Reduction Grants (CPRG) program created by the Inflation Reduction Act. The program is designed to reduce emissions of greenhouse gases and other harmful pollution. EPA anticipates awarding approximately 30 to 115 grants ranging between $2 million and $500 million, while also advancing the Justice40 Initiative to ensure that 40% of certain Federal investments flow to disadvantaged communities. Applications due April 1, 2024.

<u>EPA Solicits Applicants for Environmental Education Grants</u>: In September, the EPA announced that up to $3.6 million is being made available for grants under the 2023 Environmental Education (EE) Local Grant Program. EPA will award grants in each of EPA's 10 Regions, between $50,000-$100,000 each, for a total of 30-40 grants nationwide. Each Region has published a solicitation notice with their respective regional details. Applicants must apply to the Regional notice that corresponds with the location of their proposed project. Applications due November 8, 2023.

Department of Energy

<u>DOE Announces Funds and Loans to Support EV Transition</u>: In September, the Department of Energy (DOE) announced a $15.5 billion package of funding and loans focused on retooling existing factories for the transitions to electric vehicles. This includes $2 billion for a funding opportunity to spur conversion of manufacturing plants, $10 billion in new loan authority under the Advanced Technology Vehicles Manufacturing Loan Program, and a Notice of Intent to invest $3.5 billion to boost production of advanced batteries and battery materials.

<u>DOE Recognizes Eleven Women for Achievements in Clean Energy</u>: In September the DOE announced winners of the 2023 Clean Energy Education and Empowerment (C3E) Awards, honoring eleven women for outstanding leadership and accomplishments in clean energy. One of the awardees was from California: **Leuwam Tesfai**, Deputy Director of Energy and Climate Policy at the California Public Utilities Commission.

<u>Notable Appointment</u>: **Jeff Marootian** was promoted to be Principal Deputy Assistant Secretary for the office of Energy Efficiency and Renewable Energy.

<u>Outreach</u>: Contacts included staff at the Department of Transportation, the Maritime Administration, the Federal Railroad Administration, and the Energy & Transportation Joint Office, as well as representatives of our trucking industry coalition involving discussions on current issues, grant programs, and possible meetings in October.

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CASSIDY | ASSOCIATES

To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: September 28, 2023
Re: September Report

HOUSE/SENATE

Congress

Congress has less than a week remaining to pass spending legislation to avoid a government shutdown. On the evening of September 26, the Senate voted 77-19 to advance a measure which would fund the government through November 19. The bill is endorsed by the White House and includes about $6 billion in aid for Ukraine and $6 billion for disaster relief. If the Senate does pass and send the Continuing Resolution to the House, Speaker Kevin McCarthy (R-CA-20) must decide whether to bring it to the floor, a decision that could prompt members of his party to challenge his Speakership.

Also on Tuesday evening, the House voted to start debate on the Defense, Agriculture, State and Foreign Operations, and Homeland Security appropriations bills. However, these bills are nonstarters in the Senate so they do not change the likelihood of a government shutdown at the end of the week. Speaker Kevin McCarthy (R-CA-20) has said he is in favor of passing a 30- or 45-day Continuing Resolution to allow time for passing the remainder of the Fiscal Year 2024 appropriations bills and negotiating a spending deal with the Senate.

EPA

On August 30, the Environmental Protection Agency (EPA) announced the availability of up to $350 million in formula grant funding to monitor and reduce methane emissions from the oil and gas sector and for the environmental restoration of well sites. The funding is provided by the Inflation Reduction Act through the Methane Emissions Reduction Program and aims to help reach the Biden administration's climate and clean air goals. Read the announcement here.

An EPA report released on September 12 shows that the Inflation Reduction Act has spurred carbon dioxide emissions reductions from the electricity sector and beyond. Specifically, the report says that the Inflation Reduction Act lowers carbon dioxide emissions sector wide, including electricity generation and use, by 34-45% below 2005 levels in 2030. In the electric power sector, the Inflation Reduction Act will cause carbon dioxide emission reductions of 49-83% below 2005 levels in 2030. The EPA states that the Inflation Reduction Act reduces carbon dioxide emissions in all end use-sectors, including in residential and commercial buildings, industry, and transportation. Read the report here.

On September 20, the EPA launched $4.6 billion in competitive grants to fund state, local, and tribal programs and policies that reduce pollution, advance environmental justice, and deploy clean energy solutions. This funding is a part of the Climate Pollution Reduction Grants program, which was established by the Inflation Reduction Act. Through the program, the EPA has already awarded $250 million to fund climate action plans in nearly all states – this round of competitive grants will fund these initiatives. The deadline to apply to the general competition is April 1, 2024, and the deadline for the tribes and territories competition is May 1, 2024. Read more about the grant opportunity here.

On September 22, the Environmental Protection Agency proposed strengthening a 2020 Clean Air Act rule to make sure industrial facilities which emit large amounts of air pollution cannot increase emissions when reclassifying from a "major source" of emissions to an "area source." Under the proposed change, any source that wishes to reclassify in this way must establish federally enforceable permit conditions which will better protect public health, containing safeguards to prevent emissions increases above what would be allowed under a major source emission standard under the Clean Air Act. This would apply to all sources choosing to reclassify and sources which have been reclassified since January 25, 2018. Read more here.

Cassidy and Associates support in September:

- Worked with South Coast AQMD staff to strategize on DC outreach
- Provided strategic guidance regarding reauthorization and funding of the Homeland Security Biowatch program
- Advised staff on House and Senate Appropriations markups, focusing on South Coast AQMD priorities
- Continued to monitor and report on activities in Congress and the Administration that impact the District

IMPORTANT LEGISLATIVE DATES

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.

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)

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KADESH & ASSOCIATES

South Coast AQMD Report for the October 2023
Legislative Meeting covering September 2023
Kadesh & Associates

With only two days remaining in FY 2023, neither the House nor the Senate has voted on a continuing resolution (CR), let alone all twelve full-year appropriations bills, meaning we are very likely to see a government shutdown beginning at midnight on September 30.

To their credit, the Senate has, on a bipartisan basis, started the process of considering a CR to maintain current funding levels through November 17, along with $6B for Ukraine and $6B for FEMA disaster assistance. There are also efforts underway to add funding for border/asylum needs. At the current pace, the Senate will vote on this CR on Sunday, October 1, which guarantees at least a technical shutdown over the weekend.

However, deep disagreements within the House majority mean that this shutdown will probably not just be a technicality. In order to placate holdouts in the Republican conference, House leadership continues to move further away from the budget agreements that were reached in the Fiscal Responsibility Act just a few months ago. This week, the House has set the stage for party-line votes on the FY24 Defense, State/Foreign Operations, Homeland Security, and Agriculture-FDA appropriations bills. The Agriculture bill is expected to fail due to concerns from rural Republican members over low funding levels and from frontline Republicans who oppose having to vote on the restrictions on the morning after pill.

House leadership also hopes to bring up a 30-day CR coupled with immigration/border language opposed by the White House. As of now, the House does not have the votes to pass this CR, nor have they agreed to consider the Senate CR. Meanwhile, the House Freedom Caucus just released a new set of appropriations process demands, which illustrates the essentially impossible negotiating position that Speaker McCarthy is attempting to maintain.

Given all of this, executive branch agencies are publishing shutdown contingency plans and notifying employees about who needs to report and who needs to stay home. This applies to Congress as well; although votes will continue in the event of a shutdown, nonessential meetings and activities will cease, and some staff will not report.

Kadesh & Associates Activity Summary-

-Worked with South Coast AQMD and the congressional delegation on whole-of-government efforts to address air quality through BIL and IRA funding programs.

Contacts:
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.

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RESOLUTE

South Coast Air Quality Management District

Legislative and Regulatory Update –September 2023

❖ **Important Upcoming Dates**

October 14 – Last Day for the Governor to Sign or Veto Legislation Passed by the Legislature

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

- Provided ongoing updates as the Legislature headed into the last two weeks of session.
- Set and attended meetings with legislative offices as needed in support and opposition of legislation of interest

❖ **AB 985 (Arambula) -South Coast AQMD Position: Oppose**

This bill was not passed by the legislature and was held on the Assembly Floor.

CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
October 13, 2023, Legislative Committee Hearing

Legislative Update

The 2023 legislative session ended in the early hours of September 15. The Legislature worked very long hours during the days leading up to the legislative deadline. The California State Assembly gaveled down first just before midnight and the State Senate adjourned just after midnight. For the last week of session, it was reported that about 720 bills were still pending consideration by Legislators.

With the Legislature now adjourned, the focus shifts to the Governor's office. Governor Gavin Newsom has until Saturday, October 14th to act on the bills passed. If signed, most bills go into effect at the start of the new year, unless they have an urgency clause or specify otherwise. Notably, the Legislature convenes in a two-year cycle and this year was the first year of the 2023-2024 Legislative session. Under the state Constitution, bills introduced in the first year of the session can be carried over to the following year and are referred to as "two-year" bills.

The Legislature will reconvene on Wednesday, January 3, 2024.

Budget Update

According to the Department of Finance's monthly bulletin, the state collected $1.344 billion, or 11.1 percent, above the August forecast as receipts from all sources exceeded their estimates. Receipts for the first two months of the 2023-24 fiscal year were $75 million, or 0.3 percent, above the forecast of $21.906 billion. Sales tax was $441 million above forecast in August, offsetting a $453-million shortfall in July that was due to processing delays. Personal income tax withholding exceeded the forecast by $367 million in August. The Budget Act monthly cashflow reflects the expected impact of delayed payment and filing deadlines for Californians in most counties to October 16. The delay affects personal and corporate income tax categories other than withholding, however the extent to which variance relative to the forecast is caused by taxpayers' behavior differing from assumptions is unknown. Preliminary General Fund agency cash receipts for the entire 2022-23 fiscal year were $980 million above the 2023-24 Budget Act forecast of $167.627 billion.

This has been one of the few times over the last year that revenues have exceeded forecasts. Recall, the state had to make several cuts in this year's budget given the shortfall. We could potentially see some of those cuts being restored if the state continues down a strong financial path.

Appointments Update

We are pleased to report that two South Coast AQMD Board Member appointments by the Governor had confirmation votes by the full Senate.

Board Member Gideon Kracov was approved by the Senate on a unanimous vote to the South Coast Air Quality Management District's Governing Board.

Board Member V. Manuel Perez was also approved on a unanimous vote to the California Air Resources Board.

Additionally, on September 27, Governor Newsom announced that he had appointed Cliff Rechtschaffen to the California Air Resources Board. He has served as a Commissioner on the Public Utilities Commission since 2017. This position will require confirmation by the Senate when they return in 2024.

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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 – September 2023
DATE: Thursday, September 28, 2023

The Legislature spent the first half of September focused on moving their remaining bills through the legislative process and to the Governor before they adjourned for interim recess on September 14, 2023. The Legislature will return for the second half of the 2023-24 legislative session on January 3, 2024.

This year, the Legislature introduced 3,030 bills, 1,974 Assembly Bills and 1,056 Senate bills. Of those, 1,326 were sent to the Governor for his consideration. Thus far, the governor has signed 508 bills, vetoed 6 and has 812 to take action on before his October 14, 2023, deadline.

Looking forward towards the 2024 Legislative Session, the Assembly has elected a new Speaker, Assemblymember Robert Rivas, who took over on July 1, 2023. Additionally, the Senate will have a new Senate President Pro Tempore, Senator Mike McGuire, who will take over in January 2024. Senator McGuire will serve a relatively short term as he is termed out in 2026.

Both Assembly Speaker Rivas and Senate President Pro Tempore elect McGuire are from Northern California, and both come from rural districts, a sharp contrast to their predecessors who both come from highly urbanized areas of Southern California. Assembly Speaker Rivas and Senate President Pro Tempore elect McGuire will both make their own changes to the legislative process by way of new committee chairs, the makeup of committees, and leadership roles in both houses.

The following will provide you with an end of session recap on issues of interest to the district:

- AB 1216 (Muratsuchi): Our office worked with the Author and the sponsors of the bill on amendments that would ensure the District is reimbursed for all costs associated with the bill. AB 1216 was passed by the Legislature on September 7, 2023 and is now before the Governor for his consideration.

- AB 1465 (Wicks): Our office has been supporting this measure on behalf of the District throughout the legislative process. The bill is currently on the Senate Floor and was moved to the inactive file on September 6, 2023. This is now a 2-year bill.
- AB 1638 (Fong): Our office worked with the Author's office on amendments to exclude the District from the requirements in the bill. The Author agreed to our amendments and amended the bill on September 1, 2023 in the Senate Appropriations Committee. The Legislature passed this bill on September 6, 2023 and it is now before the Governor for his consideration.
- SB 410 (Becker): Our office has been supporting this measure on behalf of the District throughout the legislative process. The bill was passed by the Legislature on September 14, 2023 and it is now before the Governor for his consideration.
- SB 842 (Bradford): Our office worked with the Author's office to submit a Letter to the Journal that ensured the District's autonomy around the California Energy Commissions refinery turnarounds and maintenance process.

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

HONDA SETTLEMENT AGREEMENT

On September 13, 2023, CARB reached a settlement agreement with American Honda Motor of Torrance for $7.9 million for violations of CARB's small off-road engine (SORE) air quality regulations. This is the third SORE enforcement action against Honda in the past four years.

In 2021, CARB testing revealed multiple SORE families did not meet the carbon canister capacity requirements under CARB's evaporative emission standards and SORE regulations. The carbon canister absorbs excess gasoline vapors from the fuel tank. To address this, Honda requested and was granted a variance which allowed the units to be sold contingent upon meeting specific criteria outlined in the variance. Honda failed to meet the terms, leading to the revocation of the variance. All units sold under the variance were then non-compliant with California regulations and, thus, illegal.

Honda cooperated with CARB to resolve all allegations of violating SORE and Evaporative Emissions Regulations. Honda's settlement includes a $5,694,452 civil penalty that will go to CARB's Air Pollution Control Fund, which provides funding for projects and research to improve the state's air quality. The remaining $2,273,967 will fund the following Supplemental Environmental Projects (SEP):

- New Voices Are Rising: Envisioning Resilience Hubs in the Community (Rose Foundation for Communities and the Environment, Pasadena), $42,675
- Inland Empire Environmental Health and Education Connections (El Sol Neighborhood Educational Center), $2,114,484
- Asthma Impact Model Stanislaus County (Central California Asthma Collaborative), $79,077
- Side Street Projects – Woodworking Bus (Side Street Projects, Oakland), $37,730

$38 MILLION FOR EV CHARGING

On September 13, 2023, the California Energy Commission (CEC) opened applications for $38 million in equity-focused incentives to fund publicly accessible EV charging stations in low-income and disadvantaged communities in 28 counties in northern and southern California. The rebates are part of the California Electric Vehicle Infrastructure Project (CALeVIP), the nation's largest EV charging incentive initiative. This is the second phase of CALeVIP's Golden State Priority Project, which offers funding for direct current fast charging (DCFC) stations. A first phase of incentives was offered earlier this year in California's eastern and central regions.

The rebates are available for installations by businesses, nonprofits, tribes and public entities. Eligible locations must be in disadvantaged and low-income communities as defined by the California Climate Investments Priority Populations Map. Rebates for charging equipment can cover 50% of a project's total costs or up to $100,000 based on charger capacities.

The application window is from September 13, 2023 to December 12, 2023, at which point proposals will be reviewed and awards made based on meeting requirements and project readiness.

PEOPLE OF THE STATE OF CALIFORNIA V. BIG OIL

On September 16, 2023, Governor Newsom and Attorney General Rob Bonta announced that California is suing Big Oil for more than 50 years of deception, cover-up, and damage that have cost California taxpayers billions of dollars in health and environmental impacts. The defendants in the case include Exxon, Shell, Chevron, ConocoPhillips, BP, and The American Petroleum Institute.

Governor Newsom and Attorney General Rob Bonta claim that for decades Oil and gas executives have known about the dangers of the fossil fuels they produce. They highlight industry-funded reports directly linking fossil fuel consumption to rising global temperatures and damage to our air, land, and water. The State claims that Oil companies intentionally suppressed that information from the public and policymakers to protect their profits, and spent billions of dollars to spread disinformation on climate change and delay our transition away from fossil fuels.

The State is asking the court to order the oil companies to pay for the costs of their impacts to the environment, human health, and Californians' livelihoods, and to help protect the state against the harms that climate change will cause in years to come. Additionally, the State is seeking to prohibit oil companies from engaging in further pollution and destruction of California communities and natural resources and levy financial penalties on Big Oil for lying to the public. Lastly, the State wants the industry to immediately stop its ongoing efforts to deceive or misinform about their catastrophic impacts and award punitive damages to the state to punish these companies for their misconduct.

INTERNATIONAL METHANE-REDUCTION INITIATIVE

On September 20, 2023, the State of California announced the launch of a new climate initiative that will recruit subnational governments worldwide to commit to mitigating and reducing methane, with founding signatories from Mexico, South Africa, Brazil, Nigeria, and India. The new Subnational Methane Action Initiative was launched by Governor Newsom at Climate Week in New York City. Seven jurisdictions from across the globe have signed on so far.

California set a goal to reduce 40% of its methane emissions by 2030 compared to 2013 levels, and is leading the country with innovative solutions, including $100 million in funding to support a constellation of satellites that can monitor for large methane plumes. The California Air Resources Board, California Environmental Protection Agency and California Natural Resources Agency are collaboratively leading these efforts.

Participants in this effort include California (USA), Queretaro (Mexico), Gauteng (South Africa), Espirito Santo (Brazil), Cross River State (Nigeria), Yucatan (Mexico), and Delhi (India). Other partners in the effort include the Climate Group, which convenes subnational governments for climate action through the Under2 Coalition, and the UC Berkeley Center for Law, Energy, and Environment, which will work with state agencies and Initiative members to create action plans, track progress, organize regular peer-to-peer learning opportunities, and share best practices.

While over 150 countries have agreed to collectively reduce global methane emissions by at least 30% below 2020 levels by 2030 through the Global Methane Pledge of 2021, meeting this target will require significant efforts from subnational jurisdictions. As the primary regulators of emissions from agriculture, energy and landfills, these levels of government are particularly suited to reducing methane emissions.

GOVERNOR’S APPOINTMENTS

On September 27, 2023, Governor Newsom announced the appointment of Cliff Rechtschaffen, to the California Air Resources Board. Rechtschaffen has served as a Commissioner on the California Public Utilities Commission since 2017. He served as a Senior Advisor on Climate and Energy in the Office of Governor Brown from 2011 to 2017. Rechtschaffen was Acting Director of the California Department of Conservation in 2011 and served as Special Assistant Attorney General at the California Department of Justice, Attorney General’s Office from 2007 to 2010. Rechtschaffen was a Professor and Co-Founder of the Environmental Law and Justice Clinic at Golden Gate University School of Law from 1993 to 2007. He served as a Deputy Attorney General in the Environment Section of the California Department of Justice, Attorney General’s Office from 1986 to 1993. Rechtschaffen earned a Juris Doctor degree from Yale Law School and a Bachelor of Arts degree in Politics from Princeton University. This position requires Senate confirmation.

2023 LEGISLATIVE DEADLINES

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

October 14 – Last day for Governor to take action on bills.

January 3, 2024 – Legislature reconvenes.