



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

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

September 8, 2023 ♦ 9:00 a.m.

TELECONFERENCE LOCATION

Lakewood Chamber of Commerce 24 Lakewood Center Mall, Lakewood, CA 90712	Office of Supervisor Perez 78015 Main St., Suite 205 La Quinta, CA 92253
Los Angeles City Hall 200 N. Spring St. Room 415 Los Angeles, CA 90012	

A meeting of the South Coast Air Quality Management District Legislative Committee will be held at 9:00 a.m. on Friday, September 8, 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:

<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)

Teleconference Dial In

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One tap mobile

+16699006833,, 99574050701#

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. Potential Concepts for 2024 South Coast AQMD-Sponsored State Legislative Proposals
Staff will present concepts for potential 2024 South Coast AQMD-sponsored state legislation for consideration by the Committee.
 1. *Air District/Public Agency Board Member Compensation Limit Increase Bill*
 2. *Clarifying Ordinance Power of Air Districts Bill*
 3. *Moyer Policy Adjustments Bill*

*Derrick Alatorre
Deputy Executive Officer,
Legislative, Public Affairs &
Media*

[Attachment 1]

2. Recommend Position on State Legislation
(Motion Required)
This item is to seek approval from the Committee on staff's recommendation for a position on the following State legislation:

*Philip Crabbe III
Senior Public Affairs Manager,
Legislative, Public Affairs &
Media*

[Attachment 2]

<u>Bill#</u>	<u>Author</u>	<u>Bill Title</u>
ACA 13	Ward	Voting thresholds

DISCUSSION ITEMS (Items 3 through 4):

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

Jed Dearborn
Cassidy & Associates

Ben Miller
Kadesh & Associates, LLC

Gary Hoitsma
Carmen Group

4. 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]

Ross Buckley
California Advisors, LLC

Paul Gonsalves
Joe A. Gonsalves & Son

David Quintana
Resolute

OTHER MATTERS:

5. 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)

6. 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.

7. **Next Meeting Date** – Friday, October 13, 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

Instructions for Participating in a Virtual Meeting as an Attendee

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.

**Potential 2024 South Coast AQMD-Sponsored State Legislative
Proposals in Concept – Sept. 2023**

1) Air District/Public Agency Board Member Compensation Limit Increase Bill

- a. Bill would increase the maximum limits of compensation for Board members of air districts and potentially other public agencies (including CARB), as needed.
- b. This bill would reset outdated compensation limits and include a CPI increase going forward.

2) Moyer Policy Adjustments Bill

- a. Bill would expand liquidation time for Moyer funding from 4 to 6 years to offset increasingly difficult conditions to fund projects.
- b. Bill would allow the Moyer Program to fund incentives for offroad vehicles.
- c. Increase administrative fees for air districts from 6.25% to 10% to offset increases in costs and requirements to implement program.

Date of Hearing: August 23, 2023

ASSEMBLY COMMITTEE ON ELECTIONS
Gail Pellerin, Chair
ACA 13 (Ward) – As Amended August 17, 2023

SUBJECT: Voting thresholds.

SUMMARY: Requires an initiative constitutional amendment to comply with any increased voter approval threshold that it seeks to impose on future ballot measures. Guarantees in the state constitution the ability of local governments to submit advisory questions to voters. Specifically, **this measure:**

- 1) Provides that an initiative measure that includes one or more provisions that amend the California Constitution, and that increases the voter approval requirement to adopt any state or local measure, must receive a proportion of votes in favor of the initiative that is equal to or greater than the highest voter approval requirement imposed by the initiative for the adoption of a state or local measure.
- 2) Permits a local governing body, at any election, to hold an advisory vote concerning any issue of governance for the purpose of allowing voters within the jurisdiction to voice their opinions on the issue. Provides that an advisory question is approved only if a majority of the votes cast on the question are in favor. Provides that the results of the advisory vote are not controlling on the local governing body.
- 3) Provides that this measure shall be known, and may be cited, as the Protect and Retain the Majority Vote Act.
- 4) Contains a severability clause.
- 5) Makes a conforming change.

EXISTING LAW:

- 1) Permits voters to propose statutes or amendments to the Constitution by initiative. (California Constitution, Article II, §8)
- 2) Provides that a state initiative statute that is approved by a majority of votes cast thereon takes effect on the fifth day after the Secretary of State (SOS) files the statement of the vote for the election at which the measure is voted on. (California Constitution, Article II, §10(a))
- 3) Provides that a proposed constitutional amendment that is approved by a majority of votes cast thereon takes effect on the fifth day after the SOS files the statement of the vote for the election at which the measure is voted on. (California Constitution, Article XVIII, §4)
- 4) Permits each city, county, school district, community college district, county board of education, and special district to hold an advisory election for the purpose of allowing voters to voice their opinions on substantive issues, as specified. (Elections Code §9603(a))

FISCAL EFFECT: Unknown

COMMENTS:

1) **Purpose of the Measure:** According to the author:

The Protect and Retain the Majority Vote Act, ACA 13, would retain the majority vote requirement for passage of state and local initiatives. ACA 13 will require proposed initiatives that seek to increase vote thresholds on future ballot measures to pass with that same proportional higher vote threshold. For example, a measure that would impose a two-thirds vote threshold on future measures should also pass with a two-thirds vote.

Cities and counties also often place non-binding advisory measures on the ballot to allow voters to weigh in on various issues. This is a critical tool that allows voters to advise local government, and ACA 13 would protect the right of cities to place advisory questions on the ballot to ask voters their opinion on issues.

2) **Supermajority Vote Requirements:** Under existing law, any *state* ballot measure can be approved by a simple majority vote of the electorate, regardless of the changes to state law made by the measure. By contrast, some *local* ballot measures are subject to higher vote requirements. For instance, a local measure that is placed on the ballot by a local governing body and that proposes a special tax (a tax for which the proceeds will be used for a specific purpose) requires a two-thirds vote of the electorate.

If this measure qualifies for the ballot and is approved by voters, it would mark the first time that any state ballot measure would require more than a simple majority vote to be approved. Specifically, state ballot measures that (1) are initiative measures (the term “initiative” refers exclusively to a proposed law that qualifies for the ballot through the collection of voters’ signatures on an initiative petition), (2) propose to amend the state constitution, and (3) propose to increase the vote required for voters to approve a state or local ballot measure would be subject to a voter approval threshold that is greater than a simple majority vote.

3) **Prior Effort to Impose Supermajority Vote Requirement on State Ballot Measures:** Notwithstanding the fact that all state ballot measures require a simple majority to pass, at least one prior initiative measure sought to impose a supermajority vote requirement on certain state ballot measures.

Specifically, Proposition 136, which appeared on the ballot at the November 1990 statewide general election, would have required any state special taxes that were proposed by a state initiative measure to be approved by two-thirds of the voters, among other provisions. Proposition 136 failed narrowly, receiving 47.9% of the vote.

4) **Voter Approval Thresholds Only:** The provisions of this measure related to the vote requirement for initiative constitutional amendments apply only to initiatives that seek to make it more difficult for *voters* to take a specified action by approving a ballot measure. It does not affect the vote requirement for initiative constitutional amendments that seek only to make it harder for a *governmental body* to approve a specified action by increasing the vote

by which that body must approve an action.

For example, an initiative constitutional amendment that required a two-thirds vote of the local electorate to approve any ballot measure that sought to rezone parcels would need to be approved by two-thirds of the voters if this measure takes effect. By contrast, an initiative constitutional amendment that required a two-thirds vote of a local *governing body* to rezone parcels would be subject to a simple majority vote (provided that the initiative did not also include other provisions that affected the vote requirement for actions taken by voters).

- 5) **Pending Initiative:** On February 1, 2023, the SOS certified that initiative #1935—a measure that would amend the California Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges—is eligible to appear on the ballot at the November 5, 2024, statewide general election. The proponent of that initiative can withdraw it at any time through June 27, 2024. If the proponent does not withdraw the initiative by that deadline, the SOS will certify that the measure is qualified and it will appear on the November 5, 2024, statewide general election ballot.

Among other provisions, initiative #1935 requires that *any* local special tax be approved by a two-thirds vote of the electorate to take effect. Recent case law suggests that local special taxes that are proposed by a local initiative measure can be approved by a majority vote of the electorate. By contrast, local special taxes that are placed on the ballot by a local governmental body must be approved by a two-thirds vote of the electorate. Additionally, initiative #1935 prohibits an advisory measure from appearing on the same ballot as a local measure that proposes a general tax if the advisory measure would indicate that the revenue from the general tax will, could, or should be used for a specific purpose.

If this measure applied to the voter’s consideration of initiative #1935, it appears that initiative #1935 would need to be approved by two-thirds of the voters in order to take effect. However, while this measure likely would affect the vote requirement for initiative #1935, its effects are not limited to that initiative. Rather, the provisions of this measure would apply to any initiative constitutional amendment that appears on the ballot in the future and that proposes to increase the vote requirement for a state or local ballot measure.

- 6) **Oregon Measure 63:** The vote requirement provisions of this measure are similar to the provisions of a constitutional amendment approved by Oregon voters in 1998. Specifically, Measure 63 amended the Oregon Constitution to provide “any measure that includes any proposed requirement for more than a majority of votes cast by the electorate to approve any change in law or government action shall become effective only if approved by at least the same percentage of voters specified in the proposed voting requirement.” Measure 63 was approved with 55% of the vote.
- 7) **Advisory Measures:** As detailed above, the California Elections Code already permits cities, counties, school districts, community college districts, county boards of education, and special districts to submit advisory questions to their voters. This measure proposes to add a similar provision to the state constitution.

As detailed above, a pending initiative measure that is eligible to appear on the November 5,

2024, statewide general election ballot would limit the ability of a local government to place an advisory measure on the ballot if the measure is related to the potential use of revenues derived from a general tax that is appearing on the same ballot. If approved by voters, that constitutional limitation on local advisory measures would prevail over the general provisions of the Elections Code that permit local advisory measures.

If both this measure and the pending initiative measure were to be approved by voters, the California Constitution would include potentially conflicting provisions governing local advisory measures. In such a situation, it is unclear which provision would prevail if a local jurisdiction sought to place an advisory measure on the ballot related to the use of revenues from a general tax appearing on the same ballot.

- 8) **Arguments in Support:** In support of this measure, the California Special Districts Association writes:

Under current law, an initiative constitutional amendment that proposes to amend the California Constitution requires a simple majority of voters casting votes in favor of the measure for the amendment to be approved. Notably, this simple majority requirement is irrespective of any of the provisions contained within the proposed constitutional amendment; should the text of the proposed constitutional amendment contain provisions that would otherwise require voter thresholds in excess of a simple majority in the future, those increased vote thresholds may nonetheless be imposed with a simple majority of voters. Phrased another way, this allows a simple majority of voters to insert a three-fifths, two-thirds, four-fifths, or higher vote threshold into the California Constitution, even without the corresponding level of support in terms of votes cast in favor of the original amendment proposal.

ACA 13 would propose to California voters a solution to this quirk in the initiative process: if approved by two-thirds of the California Legislature, California voters would be asked to decide whether an initiative constitutional amendment containing provisions that increase vote thresholds should be required to attain the same proportion of votes in favor of the amendment that the proposed increased vote thresholds would demand. In this way, ACA 13 would ensure that a proposal cannot impose vote thresholds on our communities and our State that exceed the level of support for imposing such thresholds.

ACA 13 protects the democratic process in local communities by ensuring that a simple majority of statewide voters cannot restrict the will of a supermajority of voters in a local community.

- 9) **Arguments in Opposition:** In opposition to this measure, the Howard Jarvis Taxpayers Association writes:

ACA 13 reminds us of the recently failed effort in Ohio to make it more difficult to pass constitutional amendments. Many in this Legislature decried that as

undemocratic. How is creating a two-tiered system for amending the California Constitution any less undemocratic? We would argue it is even more so.

This is a blatant attempt to erode the citizen initiative process by creating content-based distinctions to pass certain types of constitutional amendments. It also begs the question why the Legislature would impose such a content-based standard. Since there is no precedent for setting different standards as it relates to the passage of constitutional amendments, this seems an obvious attempt to undermine an initiative that has already qualified for the ballot. The Taxpayer Protection and Government Accountability Act would restore the voter thresholds that the state Constitution requires for new and higher taxes. These thresholds were set by voters when they approved Propositions 13 and 218.

Clearly then, ACA 13 is yet another attempt by the Legislature to make it not only easier to raise taxes but also directly attack Proposition 13.

10) **Approval by Voters:** As a constitutional amendment, this measure requires the approval of the voters to take effect.

REGISTERED SUPPORT / OPPOSITION:

Support

Alliance San Diego
American Federation of State, County and Municipal Employees, AFL-CIO
Asian Pacific Environmental Network
California Calls
California Environmental Justice Alliance Action, a Project of Tides Advocacy
California Federation of Teachers, AFL-CIO
California Green New Deal Coalition
California Labor Federation, AFL-CIO
California Professional Firefighters
California School Employees Association
California Special Districts Association
California State Association of Counties
California State Council of Service Employees International Union
California Teachers Association
Catalyst California
Central Coast Alliance United for A Sustainable Economy
City of San Diego
Communities for A New California
Community Coalition
Congregations Organized for Prophetic Engagement
Corporation for Supportive Housing
Courage California
Dolores Huerta Foundation
Innercity Struggle

League of California Cities
Million Voters Project
Oakland Rising
San Francisco Rising
Strategic Concepts in Organizing and Policy Education
Working Partnerships USA

Opposition

California Business Roundtable
Howard Jarvis Taxpayers Association
2 individuals

Analysis Prepared by: Ethan Jones / ELECTIONS / (916) 319-2094



To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: August 24, 2023
Re: August Report

HOUSE/SENATE

Congress

Congress has been in recess since July 29. The Senate is scheduled to return on September 5, and the House is scheduled to return on September 12.

Both chambers will need to address major legislation upon their return, including the Fiscal Year 2024 National Defense Authorization Act (NDAA), the 12 Fiscal Year 2024 Appropriations bills, Federal Aviation Administration (FAA) reauthorization, and the 2023 Farm Bill.

Both chambers passed their versions of the NDAA before recess and will negotiate on a final version upon return. The Senate has not passed any appropriations bills and the House has passed one. Lawmakers have until September 30 to allocate spending in order to avoid a government shutdown.

EPA

On August 2, the Biden administration announced \$115 million in grant opportunities under the Diesel Emissions Reduction Act grant funding competition. The Environmental Protection Agency (EPA) anticipates awarding 4-10 applicants in each of their regions for projects which reduce diesel emissions and exposure, especially from fleets operating at goods movement facilities in areas with poor air quality. Funding can be allocated for upgrading or replacing diesel-powered vehicles and equipment and will be prioritized for projects which engage and benefit the health of local communities, protect investments from severe weather events caused by climate

change, and demonstrate the ability to continue emissions reductions after the project ends. Read more [here](#).

Throughout August, the EPA announced funding to various schools through the People, Prosperity, and the Planet (P3) Program. The program offers competitive grants to universities for scientific and engineering research. One project, at [Purdue University](#), will research how to reduce indoor air pollutants in classroom environments, and another at the [University of Texas](#) will fund the development of low-cost air quality sensors.

On August 4, the EPA published their preliminary [Toxics Release Inventory data](#) for 2022. The release includes information on certain facilities which use substances on a designated chemical list and what quantities the facilities released into the environment or otherwise managed as waste. It also details any pollution prevention activities taken by the facilities in 2022.

On August 15, the EPA issued its third Toxic Substances Control Act test order on PFAS under their National PFAS Testing Strategy. This testing will allow the EPA to further understand the potential harms of PFAS exposure in our air and water. Read more [here](#).

On August 21, the EPA announced a review of the Ozone National Ambient Air Quality Standards (NAAQS) based on the advice of the Clean Air Scientific Advisory Committee (CASAC). The review will ensure that the standards reflect the most current science and continue to protect the public from the health effects of harmful pollutants which include respiratory issues. The EPA will issue a call for information in the Federal Register and continue their review throughout 2024. Read [here](#) for more information.

Cassidy and Associates support in August:

- Worked with South Coast AQMD staff to strategize on DC outreach
- Provided an overview of DOT application scoring criteria
- 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)

KADESH & ASSOCIATES

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

Both the House and Senate were in recess for the entire month of August; the Senate will be returning after Labor Day, and the House on Sept 12. That's a relatively typical summer schedule, but the concern is that this leaves only a handful of legislative days between now and the end of the federal fiscal year on September 30.

Congress went into the August recess without providing much clarity about how the annual appropriations process might proceed in September. In the House, divisions within the Republican conference led leadership to pull the Agriculture appropriations bill from floor consideration. This was an example of the same dynamic that has frustrated Speaker McCarthy's efforts on several bills so far. In the Senate, the appropriations committee continued to consider and approve legislation on a bipartisan basis, finishing its work in the last week of July.

In the House, ten of twelve appropriations bills have been approved by the committee by nearly party-line votes, with one approved on the floor. In the Senate, none have reached the floor but all 12 have been approved by the committee by nearly unanimous votes.

In mid-August, the House GOP held a conference call to discuss internal appropriations strategies. No real decisions were made, but Speaker McCarthy recommended a continuing resolution that would avoid a shutdown through early December. However, the Freedom Caucus has not signed off on this strategy, and has made additional demands -- including border spending -- before they will consider a FY24 bill.

Thankfully, although the big picture remains very complicated, the House and Senate have continued to support the major clean air funding programs that South Coast AQMD supports. As a reminder, the House bill includes \$69.9M for Targeted Airshed Grants, \$105M for DERA, and \$231M for CAA 103/105 programs. In the Senate, the numbers were very similar: \$69.9M for TAG, \$100M for DERA, and \$249M for 103/105.

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.

###



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

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: August 24, 2023

Re: Federal Update -- Executive Branch

Congressional Outlook: As Congress returns from its summer recess, the House and Senate will need to pass a short-term continuing resolution (CR) to keep the government funded past the September 30th end of the federal fiscal year and avoid a government shutdown. While the appropriations bills are far from complete, a group of House conservatives is demanding that the CR contain add-on provisions on the border, on the Department of Justice, and on the Department of Defense that will be opposed by Democrats. Speaker McCarthy could move a clean CR, allowing it to pass with more Democrats than Republicans, a scenario that could spark a revolt in the Republican caucus. Meantime, nevertheless, other circumstances point to the likelihood that House Republicans will vote to open an impeachment inquiry targeting the President.

Meeting with Office of Naval Research: In August, South Coast AQMD technology and planning staff participated in a virtual meeting with a program officer at Defense Department's Office of Naval Research (ONR) to discuss research concerning emissions reductions for ocean-going vessels that could be of mutual benefit to both ONR and South Coast AQMD.

Environmental Protection Agency

EPA Announces Funds Available for DERA Grants: In August, the EPA announced the availability of \$115 million in funding for this year's round of Diesel Emissions Reduction Act (DERA) grants, designed to cut harmful pollution from older diesel engines. EPA anticipates making 4-10 awards in each of the EPA's ten regions. Applications due December 1, 2023.

EPA Targets Air Toxics in Overburdened Communities: In August, the EPA announced its final list of six National Enforcement and Compliance Initiatives for 2024-2027. One of these – Reducing Air Toxics from Overburdened Communities – will target, investigate and address noncompliance with clean air standards designed to protect public health, with a focus on regulated hazardous air pollutants (HAPs) from nearby industries in communities already highly burdened with pollution impacts.

EPA Launches Full Review of Ozone Standards: In August, the Environmental Protection Agency announced a new review of the Ozone National Ambient Air Quality Standards (NAAQS), which effectively reverses the previous administration's decision to

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retain the current standards for ozone which were established in 2015 at a level of 70 parts per billion. The announcement follows new advice from the Clean Air Scientific Advisory Committee (CASAC) which identified more recent studies on the issue and recommended new risk analyses that might support more stringent standards. EPA plans to issue a formal call for information soon, convene a public science and policy workshop next spring, issue a summary of findings next summer, and release the agency's Integrated Review Plan next fall.

Department of Transportation

NHTSA Proposes Updated Fuel Economy Standards: In August, the National Highway Traffic Safety Administration (NHTSA) issued a proposal to update the corporate average fuel economy (CAFE) standards for cars and light trucks, including heavy-duty pickup trucks and work vans. The proposed standards, potentially reaching an average fleet fuel economy of 58 miles per gallon by 2032, complement and align with the EPA's recently proposed emissions standards for similar vehicle fleets. Manufacturers may use all available technologies – including advanced internal combustion engines, hybrids, and electric vehicles – for compliance. NHTSA requests public comment on a full range of options – from the no-action alternative to the most stringent – including options not explicitly identified in the proposal. Comments due 60 days from publication (approximately by the end of October).

FTA Announces Funds Available for TOD Planning: In August, the Federal Transit Administration (FTA) announced the availability of \$13.4 million in competitive grant funds under the Pilot Program for Transit Oriented Development (TOD) Planning. The funding will support local planning and investment near transit hubs to promote “sustainable, livable, and equitable communities.” Special consideration will be given to applications that “improve air quality, advance environmental justice, support unhoused populations, and promote housing affordability.” Applicants must be an existing FTA grant recipient – either a project sponsor of an eligible transit project or an entity with land use planning authority in the project corridor. Applications due October 10, 2023.

Department of Energy

States Encouraged to Apply for Home Energy Rebate Funds: The Department of Energy is making \$8.5 billion from the Inflation Reduction Act available to the states to implement two Home Energy Rebate programs. The Home Efficiency Rebates Program will allow state energy offices to reduce the upfront cost of whole-home energy efficiency upgrades in single-family and multi-family homes. The Home Electrification and Appliance Rebates Program will allow state energy offices to reduce the upfront cost of efficient electric technologies in single-family and multifamily homes. Submitted applications from the states for these programs will be reviewed on a rolling basis.

Outreach: Contacts included staff at the Department of Defense Office of Naval Research (ONR) to arrange the August meeting with South Coast AQMD staff on ocean-going-vessels emissions research.

###



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
September 8, 2023, Legislative Committee Hearing

Legislative Update

Legislators returned to Sacramento on August 14th for the final five weeks of the legislative year. The primary focus has been on the appropriations committee hearings. The Senate and the Assembly committees have referred hundreds of bills to their respective fiscal committees and many of those bills have been moved to their “Suspense Files.” For a number of these bills, the Department of Finance has issued opposition letters due to the increase in state costs.

As background, in the Senate, generally, if the cost of a bill is determined to be \$50,000 or more to the General Fund or \$150,000 or more to a special fund, the bill meets the criteria for referral to the Suspense File. The fiscal thresholds for suspense apply to the impact on any fund in any fiscal year. The Assembly sends any bill with an annual cost of more than \$150,000 (any fund).

Suspense File bills are then considered at one hearing. No testimony is presented – author or witness – at the Suspense File hearing. This year, the hearing will take place on September 1.

After the Suspense File hearing, the Legislature will start their “floor session only” days on September 5th and work through the 14th. Given this is the first year of the two-year session, the Legislature can stay for as long as they need on the final night. It is only in the second year that the midnight rule takes place.

Typically, there are several end-of-session bills that materialize in the last month via the “gut-and-amend” process. One of those late pushes this year is coming in the form of Assembly Constitutional Amendment 13 (ACA 13) which has been deemed “The Protect and Retain the Majority Vote Act” and would require any initiative constitutional amendment to comply with any increased voter approval threshold that it seeks to impose on further ballot measures. This is an effort in direct response to an initiative that has already qualified for the 2024 ballot which would require any local special tax to be approved by a two-thirds vote. If ACA 13 passes, it would require that initiative to also pass by two-thirds vote in November of 2024.

Budget Update

The Legislature has started working on its yearly end-of-session budget package. Over the past three years, this has been a critical time due to entire portions of the budget still needing to be negotiated. This year, it appears like the bill package will be more technical or providing clean-up in nature. Since almost all the items were settled in the June budget.

Both the Assembly Budget Committee and the Senate Committee on Budget and Fiscal Review have scheduled hearings on August 30th to review the 2023 end-of-session budget package. The final language associated with those bills will be finalized a few days ahead of those hearings.

The Department of Finance released their monthly cash report. For the month of July, which is the first month of the 2023-24 budget, the state received \$1.268 billion below budget forecasts. Some of this is attributed to processing delays, however, the shortfall will be something to monitor.

Further, while there will continue to be adjustments to the budget it is important to note that the state will still not have final tax data until October 16th. This could necessitate having to make some changes in the early portion of 2024. The current budget does factor in this delay but much of it will depend on taxpayer's behaviors in the coming months.

Appointments Update

In August, we are pleased to report that two of South Coast AQMD's Board Members appeared before the Senate Rules Committee to have their appointments by the Governor confirmed.

On August 16th, Board Member Gideon Kracov was approved by the Senate Rules Committee on a unanimous vote to the South Coast Air Quality Management District's Governing Board.

On August 23rd, Board Member V. Manuel Perez was also approved by the Senate Rules Committee on a unanimous vote to the California Air Resources Board.



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TO: South Coast Air Quality Management District
FROM: Anthony, Jason & Paul Gonsalves
SUBJECT: Legislative Update – August 2023
DATE: Thursday, August 24, 2023

On August 14, 2023, the Legislature returned from Summer Recess to wrap up the last 5 weeks of session, which ends on September 14, 2023. Policy Committee deadlines have passed and Members are focused on moving their remaining bills out of the Appropriations Committee by the September 1, 2023 deadline. Those that pass out of the Appropriations Committees will have until September 14, 2023 to pass the Legislature and be sent to the Governor for his consideration.

The final weeks of session are historically chaotic, as legislators, staff, and lobbyists scramble to move or to defeat bills in the final weeks. As a reminder, all bills must be in print for 72-hours before the Legislature can consider them. This means that the last day to amend bills on the floor will be September 11, 2023.

The following will provide you with an update on the legislation we have been advocating for on behalf of the District:

- AB 1216 (Muratsuchi): Our office worked with the author and sponsors of the bill on amendments that would ensure the District is reimbursed for all costs associated with the bill. AB 1216 is currently in the Senate Appropriations Committee and will be heard on August 28, 2023.
- 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 is eligible to be heard at any time.
- AB 1638 (Fong): Our office has been working with the author's office on amendments to exclude the District from the requirements in the bill. The author has agreed to our amendments and will be amending the bill while it is on the Senate Appropriations Committee Suspense File.

- SB 410 (Becker): Our office has been supporting this measure on behalf of the District throughout the legislative process. The bill is currently on the Assembly Appropriations Suspense File.

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

CLIMATE PARTNERSHIP WITH AUSTRALIA

On August 15, 2023, Governor Newsom announced that California and Australia signed a Memorandum of Understanding (MOU) pledging to work together to fight climate change. The agreement focuses on clean energy, clean tech, nature-based solutions, trade, and more.

The MOU outlines five years of cooperation between California and Australia on clean energy, clean transportation, clean technologies, nature-based solutions, climate adaptation, green finance and investment and circular economy. The text of the MOU can be found here: <https://www.gov.ca.gov/wp-content/uploads/2023/08/8.15.23-MOU.pdf>.

In addition to the MOU, Governor Newsom and Ambassador Rudd signed a Joint Statement affirming their partnership on the climate action outlined in the MOU. Following the MOU signing, the California Governor's Office of Business and Economic Development (GO-Biz) co-hosted a business forum with CalChamber and the Australian Embassy that focused on the importance of public-private collaboration in the fight against climate change.

HYDROGEN ECONOMY OF THE FUTURE:

On August 8, 2023, Governor Newsom directed GO-Biz to develop California's Hydrogen Market Development Strategy, employing an all-of-government approach to building up California's clean, renewable hydrogen market. It will closely resemble the Zero-Emission Vehicle Market Development Strategy to help California collectively move forward and deliver zero-emission benefits to all Californians.

Expanding the market for clean, renewable hydrogen is key to achieving California's climate goals, especially for a clean electric grid, net-zero carbon emissions, and drastically cutting air pollution. California is currently competing to become a federally funded Hydrogen Hub, a program that will leverage \$8 billion from the Bipartisan Infrastructure Law to establish at least four Hydrogen Hubs across the United States.

The strategy proposes the following 6 actions:

- Create a market development strategy that is focused on leveraging hydrogen to accelerate clean energy deployment and decarbonizing our transportation and industrial sectors.
- Build on the 2022 Scoping Plan while leveraging the upcoming SB 1075 hydrogen report and ARCHES' cross sector, multi-stakeholder hydrogen market white papers.
- Develop in consultation with state agencies (CARB, the California Energy Commission, and the California Public Utilities Commission) while clearly defining agencies' roles and responsibilities.

- Identify shared strategies to deliver projects, which may include new financing models, permitting modifications, and procurement initiatives.
- Engage relevant stakeholders, including local communities, to advance equity and deliver environmental and economic benefits.
- Ensure state agencies and partners continue to pull in a shared direction to accelerate the use of renewable energy throughout our economy and increase the resilience and reliability of our energy system.

ZERO-EMISSION VEHICLES:

On August 2, 2023, California announced that 1 in every 4 new cars sold last quarter in California were zero-emission vehicles (ZEVs). Earlier this year, the state surpassed its goal of selling 1.5 million ZEVs 2-years ahead of schedule.

These latest sales figures come as a group of 7 major automakers (BMW, GM, Honda, Hyundai, Kia, Mercedes-Benz, and Stellantis) announced a partnership to build public ZEV charging networks throughout the country, showcasing where the industry has been going and California's success in encouraging a thriving and competitive ZEV marketplace with the state's world-leading requirement of 100% ZEV new car sales by 2035.

California's ZEV record is leading the world with 25.4% of all new cars sold in California last quarter being ZEVs. 125,939 ZEV sales in Q2 2023 along with 1,623,211 total ZEV sales to date. Additionally, 34% of new ZEVs sold in the U.S. are sold in California, according to the Veloz EV Market Report.

California has also been making record investments in ZEV's, including thousands of dollars in grants and rebates available for low-income Californians and over \$10 billion in the State Budget for zero-emission cars, trucks, buses and infrastructure.

CAP-AND-TRADE

On August 23, 2023, CARB announced the results of the August Cap-and-Trade auction and, as expected, there was a strong demand for allowances. Simultaneously, CARB is continuing its series of workshops exploring potential changes to the cap-and-trade program, which is an important opportunity to increase the state's climate ambition.

The results of the August Auction are as follows:

- All 55,760,384 current vintage allowances offered for sale were purchased, resulting in the 12th consecutive sold out auction. The current auction settled at \$35.20, \$12.99 above the \$22.21 floor price and \$4.87 above the May settlement price of \$30.33. This is a record settlement price, coming in well above the previous record of \$30.85 from the May 2022 auction.
- All of the 7,577,000 future vintage allowances offered for sale were purchased; these allowances can be used for compliance beginning in 2026. Future vintage allowances settled at \$34.16, \$11.95 above the \$22.21 floor price and \$4.11 above the May settlement price of \$30.05.

- The auction generated over \$1.2 billion for the Greenhouse Gas Reduction Fund, the second highest revenue from an allowance auction.

2023 LEGISLATIVE DEADLINES

August 14 - Legislature reconvenes from Summer Recess

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

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

September 8 - Last day to amend on the Floor

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

RESOLUTE^{*}

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

❖ Important Upcoming Dates

September 1 – Last Day for Fiscal Committees To Meet and Report Bills
September 14 – Last Day for the Legislature to Pass Bills

❖ 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 reconvened from the summer recess.
- Set and attended meetings with legislative offices as needed in support of sponsored legislation.

❖ First Quarterly Cap And Trade Auction raises \$1.24 Billion in for GGRF

The first Cap and Trade auction of the 2023-2024 Fiscal Year took place on August 16th, with preliminary results being posted August 23rd. The proceeds will go into the GGRF (Greenhouse Gas Reduction Fund) which has consistently been the main funding source for the AB 617 Program, along with other programs.

❖ Politico: There’s a run on carbon credits. That’s good news for the budget.

By Blanca Begert

SELLING LIKE HOTCAKES— California carbon emissions are as valuable as they’ve ever been. Last week’s auction of greenhouse gas permits fetched \$35.20 per ton, according to [figures released by the state today](#).

The high price indicates that companies are spooked by the state’s plan to eventually tighten its emissions cap. We knew they were, but this auction puts their money where their fears are.

A bit of background: The California Air Resources Board, which runs quarterly auctions for high-emitting companies to buy pollution allowances under the state’s cap-and-trade program, announced in workshops over the summer that it would be modeling scenarios for a tighter allowance budget to align with the state’s updated climate targets.

The agency outlined three scenarios: One to meet the existing legislative goal of a 40 percent emission reduction by 2030, one to meet the 48 percent reduction called for in CARB’s scoping plan and another just-for-kicks goal of a 55 percent reduction.

Allowances on the spot market have been trading at just over \$35 per ton since then, as companies expect prices to eventually shoot up when the supply tightens. (The minimum state-set price is \$22 per ton.) That’s even after the [agency insinuated](#) that it would most likely be aiming for the lowest ambition scenario.

“After these announcements, we saw prices on the secondary market go up,” said **Katelyn Roedner Sutter**, California state director at the Environmental Defense Fund. Last week’s sale saw prices about \$5 per ton higher than the May auction.

Another reason prices could be going up is that companies are anticipating California will eventually link its market with Washington state, which just started its program (“cap-and-invest,” if you please) at the beginning of the year. It’d be California’s second steady trading partner after Quebec.

“There are very substantive conversations between California, Quebec and Washington,” former Washington state Sen. **Reuven Carlyle** (D) said of plans to link the markets. Since Washington’s program is more stringent, combining the markets would drive up prices in California.

That’s all great news for state coffers: The auction raised about \$1.2 billion for the state’s greenhouse gas reduction fund, which goes to things like transportation electrification, affordable housing construction and tree planting, with the majority of benefits going to disadvantaged communities.

But it doesn’t have much impact on actual emissions, energy economists said. Prices would need to be a lot higher to entice industry to change their practices instead of buying permits.

“On the one hand, \$35 a ton is real money,” said **Dallas Burtraw**, a senior fellow at Resources for the Future. “But the price by itself is not sufficient at this level to do the work of driving decarbonization in the California economy.” The primary way that emission reductions have been achieved so far is through regulatory programs and performance standards, he said.

Next steps are for CARB to hold more workshops and eventually a rulemaking. Some are hoping for a dramatic tightening of the cap (which would bring commensurately dramatic price increases).

“The assumption in all of the scoping plans is that the cap-and-trade program will produce actual scarcity in the allowance market and will force emissions down to program cap levels over the next few years,” said climate economist and policy expert **Danny Cullenward**. “So long as the large chunk of allowances persists, that’s not likely to be the case.”

❖ **Politico: What Kind of Climate Guy is Robert Rivas?** By **Alexander Nieves**

ROBERT’S RULES — In deep-blue California, it’s a given that the state’s political leaders will be into climate change. But what flavor of climate advocate is new Assembly Speaker Robert Rivas? Inquiring minds want to know — even if he’s not ready to say, after nearly two months on the job.

The big questions are which policies Rivas will prioritize, and if he’ll be more hands-on in setting the chamber’s priorities than his predecessor, famously laissez-faire Assemblymember Anthony Rendon (D-Lakewood).

Here’s what we got from the horse’s mouth:

“The Speaker recognizes that climate change is the crisis of our lifetime,” **Cynthia Moreno**, Rivas’ press secretary, said in a statement. “Unlocking solutions is not just a priority. It is essential. And he is committed to representing the diverse perspectives and priorities of the caucus to sustain California as a leader on climate and environmental justice issues.”

Here’s what we’ve gleaned from interviews with representatives from a dozen organizations who have worked with him. For clues to his climate inclinations, look to:

— **His Hollister roots:**

Rivas is the first speaker to hail from the agriculture- and oil-heavy Central Coast. He’s known for championing one of the first bans on hydraulic fracturing, in 2014, when he was a San Benito County supervisor.

He's not reflexively anti-oil, though. Environmental groups that have worked with Rivas on legislation called him a detail-oriented lawmaker with a strong grasp on climate policy. But they also say he's a pragmatist who's willing to break with the environmental justice community.

See: his support for last year's SB 905, which set the stage for deploying carbon capture and storage technology that EJ groups argue allows oil and gas companies to continue operating as usual.

Environmental and EJ groups are heartened, though, by other bills Rivas has carried, including efforts to capture carbon through natural processes like soil management, streamline building of farmworker housing and bolster the state's response to extreme heat. And they give him props for helping to secure votes for a \$54 billion climate spending package last fall.

— **His leadership team:**

It does indeed represent "diverse perspectives and priorities." His No. 2 is Assemblymember Cecilia Aguiar-Curry (D-Winters), a moderate, and his No. 3 is Assemblymember Isaac Bryan (D-Los Angeles), a progressive.

"In order to attain his speakership, he put together a weird coalition of some of the most progressive and most conservative Dems in the Assembly," one person said anonymously (because absolutely no one wants to be on the record speaking at all critically about a brand-new person in power).

That could result in some unpredictable vote counts.

We're watching to see what he does this session on a pair of bills to require companies to disclose their carbon emissions and climate-related financial risks.

Business groups are fervently against them, and the marquee bill, SB 253 by Sen. Scott Wiener (D-San Francisco), died by one vote on the Assembly floor in its previous incarnation last year.

Rivas voted for it, but many of his allies, including Aguiar-Curry and Assemblymembers Carlos Villapudua (D-Stockton) and David Alvarez (D-San Diego), [stayed off](#), helping ensure its demise. Will he push them to take a position?

We're also looking to see how much clout he exerts on wildfire insurance, where insurers, regulators and lawmakers are trying to hammer out a deal as soon as this week. He was one of 45 lawmakers who [backed homebuilders' pitch](#) to get the insurer of last resort, the FAIR Plan, to raise its coverage limits to cover more condos.

Environmental groups are also looking out for any signs of influence from Rivas' brother, Rick Rivas, who helped run his fracking ban campaign and is a vice president of the American Beverage Association, which is a major player on plastic packaging bills. Robert Rivas [has maintained](#) that his brother is not a lobbyist and won't influence his decision-making. But people are still watching!

— **His policy staff:**

Rivas lost longtime environmental policy veterans Alf Brandt and Marie Liu when the speakership changed hands. He's moved relatively quickly to replace them with Keith Cialino and Susan Chan (as Camille [reported today](#)) — and he's retained Chase Hopkins, who's handling energy. We've heard nothing but unequivocal praise for Cialino, Chan and Hopkins.

We're obviously also looking to see who he installs as the all-important committee chairs, who set (or don't set) bills for hearings. But that's not expected to happen until next year, so we're also watching to see how Rivas' policy team continues to shape up — and if he adds anyone else.

That could signal a stronger speakership than under Rendon, who ran a tight ship and preferred to cede authority to his committee chairs, and, by association, committee staffers