



South Coast Air Quality Management District

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SPECIAL LEGISLATIVE COMMITTEE MEETING

Committee Members

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

May 9, 2024 ♦ 10:00 a.m.

A special meeting of the South Coast Air Quality Management District Legislative Committee will be held at 10:00 a.m., on Thursday, May 9, 2024, through a hybrid format of in-person attendance in the Westin Rancho Mirage, 71333 Dinah Shore Dr, Rancho Mirage, 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

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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. At a special meeting, no other business may be considered, there is public comment only for items on the agenda, and there is no general public comment period. (Government Code Section 54956(a)). The agenda for this meeting is posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California and at the Westin Rancho Mirage Golf Resort & Spa, 71333 Dinah Shore Dr, Rancho Mirage, California at least 24 hours in advance of the 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. **Update on 2024 South Coast AQMD-Sponsored State Bills
(No Motion Required)**

Staff will present an update to the Committee regarding 2024 South Coast AQMD-sponsored state bills.

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

1. *AB 2522 (W. Carrillo) - South Coast Air Quality Management District: district board: compensation*
2. *AB 2958 (Calderon) - State Air Resources Board: board members: compensation*
3. *SB 1158 (Archuleta) - Carl Moyer Memorial Air Quality Standards Attainment Program*

2. **Recommend Positions on State Bills
(Motion Requested)**

This item is to seek approval from the Committee on staff's recommendation for a position on the following bills:

[Attachment 1a-1j]

<u>Bill#</u>	<u>Author</u>	<u>Bill Title</u>	
AB 2851	Bonta	Metal shredding facilities: fence-line air quality monitoring.	<i>Philip Crabbe III Senior Public Affairs Manager Legislative, Public Affairs & Media</i>
SB 1054	Rubio	Climate Pollution Reduction in Homes Initiative: natural gas: customer credit.	<i>Denise Peralta Gailey Public Affairs Manager Legislative, Public Affairs & Media</i>
SB 1095	Becker	Cozy Homes Cleanup Act: building standards: gas-fuel-burning appliances.	<i>Philip Crabbe III</i>

SB 1298

Cortese

Certification of
thermal powerplants:
data centers.

Denise Peralta Gailey

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 2a-2c - Written Reports]

*Gary Hoitsma
Carmen Group*

*Jed Dearborn
Cassidy & Associates*

*Mark Kadesh
Kadesh & Associates, LLC*

**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 3a-3c - Written Reports]

*David Quintana
Resolute*

*Ross Buckley
California Advisors, LLC*

*Paul Gonsalves
Joe A. Gonsalves & Son*

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 a special meeting, no other business may be considered (Gov't Code Section 54956). Therefore, there will be no public comment on items not on the agenda. Each speaker may be limited to three (3) minutes total to address the Committee on items on this agenda. (Gov't Code Section 54954.3).

7. Next Meeting Date – Friday, June 14, 2024 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 Maria Corralejo at (909) 396-2759 or send the request to mcorralejo@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 Maria Corralejo at (909) 396-2759 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to mcorralejo@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.

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- 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.

AB 2851 (Bonta)

Metal shredding facilities: fence-line air quality monitoring.

Summary: This bill would require the Department of Toxic Substances Control (DTSC), in consultation with local air districts, to develop and implement facility-wide fence-line air quality monitoring at metal shredding facilities.

Background: According to the author, most scrap metal in California comes from old vehicles, appliances, construction and demolition materials, and manufacturing. Metal shredding facilities process the scrap to separate metals by type and separate out non-metal material. The metal shredding process has environmental impacts on communities. These include improper hazardous waste storage, soil contamination, and release of hazardous waste into surrounding communities. The Department of Toxic Substances Control (DTSC) has limited ability to regulate metal shredding facilities. Under existing law, the metal shredding industry is not required to submit a permit for operating, therefore DTSC is unable to withhold permitting when violations and penalties are cited.

Status: 4/23/24 – Passed Assembly Natural Resources Committee. Re-referred to Assembly Appropriations Committee.

Specific Provisions: Specifically, this bill would:

- 1) Require, on or before July 1, 2025, DTSC, in consultation with affected local air districts, to develop requirements for facility-wide fence-line air quality monitoring at metal shredding facilities.
- 2) Provide that the requirements developed pursuant to this bill include, but are not limited to, the following:
 - a. Monitoring of light fibrous material, lead, zinc, cadmium, nickel, and any other substance required to be monitored by DTSC;
 - b. Monitoring at prescribed frequencies of the substances that are required to be monitored;
 - c. Reporting on the results of the monitoring required pursuant to this bill to DTSC, the local air district, and the local public health department; and,
 - d. A requirement on the local public health department, if the monitoring required pursuant to this bill indicates a potential adverse impact on air quality or public health, to issue a community notification to the public for the area in which the metal shredding facility is located that informs the public that the facility is causing the potential adverse impact on air quality or public health.
- 3) Require all metal shredding facilities, subject to the Hazardous Waste Control Law (HWCL), to implement the bill's facility-wide fence-line air quality monitoring requirements.

- 4) Require, on or before December 31, 2025, DTSC to oversee and enforce the implementation of the facility-wide fence-line air quality monitoring requirements developed pursuant to this bill.
- 5) Authorize DTSC to be reimbursed for any regulatory costs incurred in implementing the provisions of this bill through the existing fee that DTSC can impose on metal shredding facilities under the HWCL.

Impacts on South Coast AQMD’s Mission, Operations or Initiatives: South Coast AQMD passed a recent metal shredding rule and this bill will have an impact on the agency’s regulatory activities relating to this sector. South Coast AQMD Rule 1460 applies to an owner or operator of a metal recycling facility or metal shredding facility within the South Coast region. The rule focuses on minimizing fugitive dust emissions from these operations and includes registration, housekeeping, best management practices, signage, and recordkeeping requirements. Rule 1460 does not apply to recycling centers where the primary business is processing empty beverage containers for California Redemption Value (CRV). Metal recycling and metal shredding facilities have also been subject to South Coast AQMD Rule 403 which applies to any activity capable of generating fugitive dust.

Staff have concerns that the bill’s timelines is too short to implement and the bill and is too broad as currently drafted. It is also a concern that DTSC is the agency that is required to do the fence-line monitoring, as this is not their primary area of expertise.

If air districts were to be more involved in the monitoring efforts, then it would take substantial air district resources to implement, including possible rulemaking and monitoring planning, prior to full implementation. A methodology for multimetals would need to be developed, with an additional focus on monitoring of respirable particles. However, any larger sized metal pieces that are captured on a filter that are not respirable would skew the results (typically these operations result in larger coarse particles). There are also questions as to how to monitor for “light fibrous material”.

South Coast AQMD proposed amendments:

- 1) Add provisions to the bill that require local air districts to be reimbursed by DTSC or the metal shredding facility for any costs air districts incur in implementing the provisions of this bill.
- 2) Establish a longer timeframe to initiate air monitoring.
- 3) Provide an off-ramp if air monitoring shows that respirable metal particles are below a specified threshold.

- 4) Delete light fibrous material from the list of items to be included in the facility fence-line monitoring requirements.

Recommended Position: SUPPORT IF AMENDED

Support:

A Voice for Choice
California League of Conservation Voters - Environmental Voters
Center on Race, Poverty & the Environment
Cleaneearth4kids.org
Natural Resources Defense Council (NRDC)
West Oakland Cultural Action Network
West Oakland Environmental Indicators Project
West Oakland Neighbors

Opposition:

West Coast Chapter - Institute of Scrap Recycling Industries

AMENDED IN ASSEMBLY APRIL 4, 2024
AMENDED IN ASSEMBLY MARCH 21, 2024
CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

ASSEMBLY BILL

No. 2851

Introduced by Assembly Member Bonta

February 15, 2024

An act to add Section 25150.87 to the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 2851, as amended, Bonta. Metal shredding facilities: fence-line *air quality* monitoring.

~~Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution and air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources.~~

Existing law defines a “fence-line monitoring system,” for purposes of specified laws requiring the monitoring of toxic air contaminants from nonvehicular sources, to mean monitoring equipment that measures and records air pollutant concentrations at or adjacent to a stationary source that may be useful for detecting or estimating emissions of pollutants from the source, including the quantity of fugitive emissions, and in supporting enforcement efforts.

Existing law requires the Department of Toxic Substances Control to adopt, and revise when appropriate, standards and regulations for the

management of hazardous wastes to protect against hazards to the public health, to domestic livestock, to wildlife, or to the environment, including the operation of metal shredding facilities for appliance recycling. *Existing law authorizes the department to collect an annual fee from all metal shredding facilities that are subject to the requirements of the hazardous waste control laws, and to deposit those fees into a subaccount in the Hazardous Waste Control Account. Existing law makes those moneys available to the department, upon appropriation by the Legislature, to reimburse the department's costs to implement the hazardous waste control laws applicable to metal shredder facilities.*

This bill would require, on or before July 1, 2025, the department, in consultation with ~~the state board and~~ affected local air pollution control and air quality management districts, to develop ~~standards requirements~~ for facilitywide fenceline air quality monitoring at metal shredding facilities. ~~The bill would require the standards to require monitoring of specified substances, such as lead and zinc.~~ *facilities. Those requirements would include, among other things, monitoring light fibrous material, lead, zinc, cadmium, and any other substance required to be monitored by the department, and a requirement that, if the monitoring indicates a potential adverse impact on air quality or public health, the local public health department issue a community notification, as provided.* The bill would also require ~~each local public health department to issue a community notification regarding the adverse impacts on air quality and public health as a result of the operation of metal shredding facilities in that jurisdiction, as provided, and to provide a biannual assessment to the local governmental entity for the jurisdiction in which the metal shredding facility is located.~~ *all metal shredding facilities that are subject to the hazardous waste control laws to implement the fenceline air quality monitoring requirements.* The bill would require the department to ~~ensure the successful~~ *oversee and enforce the* implementation of ~~those the~~ fenceline air quality monitoring ~~standards requirements~~ on or before December 31, 2025. *The bill would also authorize any regulatory costs incurred by the department in implementing the bill's requirements to be reimbursed from the subaccount in the Hazardous Waste Control Account.* By imposing new duties on local public health departments, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 25150.87 is added to the Health and
2 Safety Code, to read:

3 25150.87. (a) On or before July 1, 2025, the department, in
4 consultation with ~~the State Air Resources Board and~~ affected local
5 air pollution control and air quality management districts, shall
6 develop ~~standards~~ *requirements* for facilitywide fence-line air
7 quality monitoring at metal shredding facilities, as defined in
8 Section 25150.82, that are subject to this chapter.

9 (b) ~~The standards requirements developed pursuant to~~
10 subdivision (a) shall ~~do~~ *include, but not be limited to*, all of the
11 following:

12 (1) ~~Require monitoring of the following substances previously~~
13 ~~identified by the department: Monitoring of light fibrous material,~~
14 ~~lead, zinc, cadmium, and nickel. These standards may also require~~
15 ~~the monitoring of additional substances: nickel, and any other~~
16 ~~substance required to be monitored by the department.~~

17 (2) ~~Require each local public health department to issue a~~
18 ~~community notification regarding the adverse impacts on air quality~~
19 ~~and public health as a result of the operation of metal shredding~~
20 ~~facilities in that jurisdiction and assist in identifying the underlying~~
21 ~~causes of the air pollution.~~

22 (3) ~~Require each local public health department to provide a~~
23 ~~biannual assessment to the local governmental entity for the~~
24 ~~jurisdiction in which the metal shredding facility is located.~~

25 (2) *Monitoring at prescribed frequencies of substances*
26 *monitored pursuant to paragraph (1).*

27 (3) *Reporting on the results of the monitoring required pursuant*
28 *to this subdivision to the department, the local air district or local*

1 *air quality management district, and the local public health*
2 *department.*

3 *(4) If the monitoring required pursuant to this subdivision*
4 *indicates a potential adverse impact on air quality or public health,*
5 *requiring the local public health department to issue a community*
6 *notification to the public for the area in which the metal shredding*
7 *facility is located that informs the public that the facility is causing*
8 *the potential adverse impact on air quality or public health.*

9 *(c) All metal shredding facilities subject to this chapter shall*
10 *implement the facilitywide fenceline air quality monitoring*
11 *requirements developed pursuant to this section.*

12 ~~(e)~~
13 *(d) The department shall ~~ensure the successful~~ oversee and*
14 *enforce the implementation of the facilitywide fenceline air quality*
15 *monitoring ~~standards~~ requirements developed pursuant to this*
16 *section on or before December 31, 2025.*

17 *(e) Any regulatory costs incurred by the department in*
18 *implementing this section may be reimbursed by the fee on metal*
19 *shredding facilities imposed pursuant to subdivision (a) of Section*
20 *25150.84.*

21 SEC. 2. If the Commission on State Mandates determines that
22 this act contains costs mandated by the state, reimbursement to
23 local agencies and school districts for those costs shall be made
24 pursuant to Part 7 (commencing with Section 17500) of Division
25 4 of Title 2 of the Government Code.

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1054 (Rubio)
Version: Amended – 4/30/24
Analyst: DPG

SB 1054 (Rubio)

Climate Pollution Reduction in Homes Initiative: natural gas: customer credit.

Summary: This bill would establish the Climate Pollution Reduction in Homes Initiative to provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances.

Background: Existing law requires the Energy Commission to prescribe, by regulation, among other things, lighting, insulation, climate control system, and other building design and construction standards, energy and water conservation design standards, and appliance efficiency standards to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy and to manage energy loads to help maintain electrical grid reliability.

Existing law vests the Public Utilities Commission (PUC) with regulatory authority over public utilities, including gas corporations. The California Global Warming Solutions Act of 2006 designates CARB as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases and the authority to include the use of market-based compliance mechanisms in regulating those emissions. The implementing regulations adopted by CARB provide for the direct allocation of greenhouse gas allowances to electrical corporations and gas corporations pursuant to a market-based compliance mechanism.

Status: 4/30/24 - Read second time and amended. Re-referred to Senate Appropriations Committee.

Specific Provisions: Specifically, this bill would:

- 1) Require the Energy Commission, in consultation with the Department of Community Services and Development, to develop and supervise the Climate Pollution Reduction in Homes Initiative to require gas corporations to jointly award grants for local service providers, nonprofit organizations, and regional collections of local governments to provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances.
- 2) Require the Energy Commission, as part of developing and administering the initiative, to develop guidelines and authorize local service providers, nonprofit organizations, and regional collections of local governments to use those grant moneys for outreach and technical assistance, rebates, loans, installation, educational information, and other support services to assist low-income households.

- 3) Repeal the above-described provisions on January 1, 2029.
- 4) Require the Energy Commission, on March 1 of every year from 2026 to 2030, inclusive, to submit a report to the relevant policy committees of the Legislature on the implementation of the initiative.
- 5) Require the PUC to direct the balance of revenues received by a gas corporation, as a result of their allocation of greenhouse gas allowances being auctioned off as part of the state’s cap-and-trade program, to be credited directly to the residential customers of the gas corporation,
 - a. except that, until January 1, 2029, the bill would authorize the PUC to require gas corporations to annually use up to 15% of revenues received as a result of that allocation to fund the Climate Pollution Reduction in Homes Initiative.
- 6) Require the PUC to annually direct gas corporations to distribute the credit, derived from revenues received by a gas corporation as a result of their greenhouse gas allowances being auctioned off, to residential customers of the gas corporation.

Impacts on South Coast AQMD’s Mission, Operations or Initiatives:

As part of the 2022 State Strategy for the State Implementation Plan, CARB has proposed a statewide zero GHG emissions standard for residential and commercial building appliances, which would have criteria pollutant co-benefits. South Coast AQMD has also developed multiple building-related control measures to address emissions from residential and commercial combustion equipment for space heating, water heating, cooking, and others. This bill aligns with South Coast AQMD’s goals of reducing harmful emissions and protecting public health.

Recommended Position: SUPPORT

Support:

California Apartment Association
Central Coast Energy Alliance
Climate Reality Project, California Coalition
Climate Reality Project, Los Angeles Chapter
Climate Reality Project, San Fernando Valley Chapter
Community Resources Project, Inc.
San Francisco Peninsula Energy Services
U.S. Green Building Council
U.S. Green Building Council - CA
U.S. Green Building Council - Los Angeles

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1054 (Rubio)
Version: Amended – 4/30/24
Analyst: DPG

Opposition:

N/A

AMENDED IN SENATE APRIL 30, 2024

AMENDED IN SENATE MARCH 20, 2024

SENATE BILL

No. 1054

Introduced by Senator Rubio

February 8, 2024

An act to add *and repeal* Chapter 8.65 (commencing with Section 25760) ~~to~~ *of* Division 15 ~~of~~ *of*, and to repeal Section 25760 *of*, the Public Resources Code, and to add Section 748.7 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1054, as amended, Rubio. Climate Pollution Reduction in Homes Initiative: natural gas: customer credit.

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to prescribe, by regulation, among other things, lighting, insulation, climate control system, and other building design and construction standards, energy and water conservation design standards, and appliance efficiency standards to reduce the wasteful, uneconomic, inefficient, or unnecessary consumption of energy and to manage energy loads to help maintain electrical grid reliability, as specified.

This bill would require the Energy Commission, in consultation with the Department of Community Services and Development, to develop and supervise the Climate Pollution Reduction in Homes Initiative to require gas corporations to jointly award grants for local service providers, as defined, nonprofit organizations, and regional collections of local governments to provide financial assistance to low-income households for the purchase of zero-carbon-emitting appliances. The bill would require the Energy Commission, as part of developing and

administering the initiative, to develop guidelines, as specified, and authorize local service providers, nonprofit organizations, and regional collections of local governments to use those grant moneys for outreach and technical assistance, rebates, loans, installation, educational information, and other support services to assist low-income households. *The bill would repeal the above-described provisions on January 1, 2029. The bill would also require the Energy Commission, on March 1 of every year from 2026 to 2030, inclusive, to submit a report to the relevant policy committees of the Legislature on the implementation of the initiative, as specified.*

Existing law vests the Public Utilities Commission (PUC) with regulatory authority over public utilities, including gas corporations. The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms in regulating those emissions. The implementing regulations adopted by the state board provide for the direct allocation of greenhouse gas allowances to electrical corporations and gas corporations pursuant to a market-based compliance mechanism.

~~This bill would require the PUC to direct the balance of the revenues received by a gas corporation as a result of that allocation to be credited directly to the residential customers of the gas corporation, except that, until January 1, 2029, the bill would authorize the PUC to require gas corporations to annually use up to 15% of the revenues received as a result of that allocation of allowances to fund the Climate Pollution Reduction in Homes Initiative, and would require the PUC to direct the balance of those revenues, including any accrued interest, received by a gas corporation to be credited directly to the residential customers of the gas corporation. The bill would require the PUC to annually direct gas corporations to distribute the credit, as specified. Initiative, as specified.~~

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because certain of the above-described provisions would be part of the act and a violation of a PUC action implementing this bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The state is a global leader in greenhouse gas emissions
4 reduction targets, including establishing state policies to return to
5 1990 greenhouse gas emissions levels by 2020, to reduce
6 greenhouse gas emissions levels to 40 percent below 1990 levels
7 by 2030, and to achieve carbon neutrality by 2045.

8 (b) Energy use in buildings is responsible for 25 percent of all
9 emissions of greenhouse gases in the state and contributes to indoor
10 and outdoor air pollution.

11 (c) Low-income communities across the state have
12 disproportionately shouldered high energy costs and the burdens
13 of poor air quality.

14 (d) Reducing home energy use through energy efficiency
15 measures and retrofitting appliances simultaneously reduces
16 residential energy expenses and harmful emissions, thereby
17 improving economic security and indoor air quality, particularly
18 in low-income communities.

19 SEC. 2. Chapter 8.65 (commencing with Section 25760) is
20 added to Division 15 of the Public Resources Code, to read:

21

22 CHAPTER 8.65. CLIMATE POLLUTION REDUCTION IN HOMES
23 INITIATIVE

24

25 25760. (a) For purposes of this chapter, the following
26 definitions apply:

27 (1) "Department" means the Department of Community Services
28 and Development.

29 (2) "Initiative" means the Climate Pollution Reduction in Homes
30 Initiative.

- 1 (3) “Local service provider” has the same meaning as defined
2 in Section 16367.5 of the Government Code.
- 3 (4) “Low-income household” means a person or family with a
4 household income at or below 60 percent of the area median
5 income, including such a person or family in a multiunit dwelling.
- 6 (b) (1) The commission, in consultation with the department,
7 shall develop and supervise the Climate Pollution Reduction in
8 Homes Initiative to require gas corporations to jointly award grants
9 for local service providers, nonprofit organizations, and regional
10 collections of local governments to provide financial assistance to
11 low-income households for the purchase of zero-carbon-emitting
12 appliances.
- 13 (2) For purposes of supervising the initiative, the commission
14 shall act as third-party administrator.
- 15 (3) Moneys allocated pursuant to Section 748.7 of the Public
16 Utilities Code shall be available to the commission, as the
17 third-party administrator, for allocation consistent with this section.
- 18 (c) As part of developing and administering the initiative, the
19 commission shall develop guidelines that do all of the following:
- 20 (1) Provide for the expenditure of grant funds to ensure
21 expeditious delivery of financial assistance to low-income
22 households.
- 23 (2) Specify criteria for which appliances, which may include
24 water heaters, stoves and cooking appliances, home heating and
25 cooling systems, refrigerators and freezers, and washers and dryers,
26 are eligible for financial assistance.
- 27 (3) Ensure the initiative provides safe and reliable appliances
28 that stabilize the utility bills of low-income households.
- 29 (4) Provide funding for single-family and multifamily residential
30 buildings.
- 31 (5) Provide preference to projects that are receiving or
32 combining funding from other sources, including, but not limited
33 to, the Energy Efficiency Low-Income Weatherization Program
34 established pursuant to Section 12087.5 of the Government Code.
- 35 (6) Provide tenant protections for rental properties, where
36 appropriate.
- 37 (7) Maximize community-based outreach and education for the
38 initiative through collaboration with local service providers,
39 nonprofit organizations, or regional collections of local
40 governments that have demonstrated ties to the local community

1 at the neighborhood, city, or county level and have experience
2 delivering energy incentives.

3 (8) Ensure that moneys from each gas corporation for the
4 initiative are used for grants located in the service territory of the
5 gas corporation from which the moneys are received.

6 (d) (1) A local service provider, nonprofit organization, or
7 regional collection of local governments may use grant moneys
8 for outreach and technical assistance, rebates, loans, installation,
9 educational information, and other support services to assist
10 low-income households.

11 (2) A local service provider, nonprofit organization, or regional
12 collection of local governments may authorize up to 20 percent of
13 the financial assistance provided to a low-income household to be
14 used on electrical upgrades to the low-income household's property
15 to support the installation of a zero-carbon-emitting appliance.

16 (e) *This section shall remain in effect only until January 1, 2029,*
17 *and as of that date is repealed.*

18 25761. (a) *On March 1, 2026, and each March 1 thereafter,*
19 *the commission shall submit a report to the relevant policy*
20 *committees of the Legislature on the implementation of this chapter*
21 *that details all of the following:*

22 (1) *The amount of funding received.*

23 (2) *The grants awarded.*

24 (3) *The number and location of projects funded.*

25 (4) *The number of completed projects.*

26 (5) *Any challenges and lessons learned.*

27 (b) *A report to be submitted pursuant to subdivision (a) shall*
28 *be submitted in compliance with Section 9795 of the Government*
29 *Code.*

30 25762. *This chapter shall remain in effect only until January*
31 *1, 2031, and as of that date is repealed.*

32 SEC. 3. Section 748.7 is added to the Public Utilities Code, to
33 read:

34 748.7. (a) Except as provided in subdivision (c), the
35 commission shall require revenues, including any accrued interest,
36 received by a gas corporation as a result of the direct allocation of
37 greenhouse gas allowances to gas utilities pursuant to subdivision
38 (a) and paragraphs (2) and (3) of subdivision (d) of Section 95893
39 of Title 17 of the California Code of Regulations to be credited
40 directly to the residential customers of the gas corporation.

1 (b) Each year, the commission shall direct each gas corporation
 2 to distribute the credit described in subdivision (a) ~~during the~~
 3 ~~February utility billing cycle, so as to coincide with the highest~~
 4 ~~usage gas utility bill during the year.~~ *to residential customers of*
 5 *the gas corporation.*

6 ~~(e) The commission may consider a gas corporation's billing~~
 7 ~~system's ability to distribute the credit described in subdivision~~
 8 ~~(a) in February and may authorize the gas corporation to provide~~
 9 ~~the credit as close to the February utility billing cycle as feasible.~~

10 ~~(d)~~

11 (c) (1) The commission may require gas corporations to
 12 annually use up to 15 percent of the revenues, including any
 13 accrued interest, received as a result of the direct allocation of
 14 greenhouse gas emissions allowances provided to gas corporations
 15 as part of a market-based compliance mechanism adopted pursuant
 16 to subdivision (c) of Section 38562 of the Health and Safety Code
 17 to fund the Climate Pollution Reduction in Homes Initiative
 18 established pursuant to Chapter 8.65 (commencing with Section
 19 25760) of Division 15 of the Public Resources Code.

20 (2) *This subdivision shall become inoperative on January 1,*
 21 *2029.*

22 SEC. 4. No reimbursement is required by this act pursuant to
 23 Section 6 of Article XIII B of the California Constitution because
 24 the only costs that may be incurred by a local agency or school
 25 district will be incurred because this act creates a new crime or
 26 infraction, eliminates a crime or infraction, or changes the penalty
 27 for a crime or infraction, within the meaning of Section 17556 of
 28 the Government Code, or changes the definition of a crime within
 29 the meaning of Section 6 of Article XIII B of the California
 30 Constitution.

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1095 (Becker)
Version: As Amended – 4/8/24
Analyst: PC

SB 1095 (Becker)

Cozy Homes Cleanup Act: building standards: gas-fuel-burning appliances.

Summary: This bill would update ambiguities in existing law to ensure that individuals can switch from gas to electric appliances, thereby allowing Californians to opt for healthier zero-emission homes. The bill would:

- 1) Establish the Cozy Homes Clean-up Act, which clarifies the authority of individuals in mobilehomes, manufactured homes, and common interest developments (CIDs) to possess and use electric appliances, in addition to gas appliances, and
- 2) Require the Department of Housing and Community Development (HCD) to regulate electric appliances.

Background: According to the author: “Despite California’s ambitious greenhouse gas reduction targets and incentives to convert to more climate-friendly appliances, local agencies and non-profit organizations at the forefront of electric appliance installations have raised concerns about outdated health and safety codes that could prevent or discourage individuals from making the switch from gas to electric appliances. Issues such as legal ambiguities or delays in approval of installation from a homeowner association (HOA) can potentially add time or costs to the process of allowing residents to make the switch. This is particularly burdensome in cases of changes of appliances at the ‘end of life,’ where a family cannot and will not wait 3-6 months for their HOA to approve replacement water heater installation. These outdated regulations could preemptively increase building electrification barriers and costs, particularly for installations of heat pumps on the exteriors of homes, or for replacements in mobile and multi-family homes. SB 1095 will help preemptively remove potential barriers that could frustrate Californians trying to make the switch to electric appliances so that all Californians can have cozier, healthier zero-emission homes.”

CIDs are a type of housing with separate ownership of housing units that also share common areas and amenities. There are a variety of different types of CIDs including condominium complexes, planned unit developments, and resident-owned mobilehome parks. In recent years, CIDs have represented a growing share of California’s housing stock. In 2019 there were an estimated 54,065 CIDs in the state which contain 5 million housing units, or about 35% of the state’s total housing stock. CIDs and their governing documents are regulated under the Davis-Stirling Act. CIDs can also have Covenants, Conditions, and Restrictions (CC&Rs) which are filed with the county recorder at the time they are established. Owners in a CID are contractually obligated to abide by the CC&Rs and the governing documents of a CID, which specify rules, such as how an owner can modify their home. Additionally, CIDs include HOAs which are run by an elected board of directors.

Status: 4/15/24 – Placed on Senate Appropriations Committee suspense file.

Specific Provisions: Specifically, this bill would:

- 1) Void, within the Davis Sterling Act, any governing document or architectural guidelines or policies within CIDs that prevent the replacement of a fuel-gas-burning appliance with an electric appliance;
- 2) Add that nothing shall prohibit the replacement of fuel-gas-burning water heaters with electric appliances in manufactured homes or mobilehomes;
- 3) Provide that nothing shall prohibit the installation of plumbing, heating, or air-conditioning systems for manufactured homes, mobilehomes, or multifamily manufactured homes from being located outside the home if necessary to replace an existing fuel-gas-burning water heater;
- 4) Require HCD, by July 1, 2026, to issue regulations that include standards for electric water heater seismic bracing, anchoring, and strapping to be applicable statewide in manufactured homes and mobilehomes. Requires new relevant appliances to adhere to these standards; and
- 5) Require HCD to by July 1, 2026, update existing regulations regarding the facilitation of electric appliance replacement in manufactured homes and mobilehomes.

Impacts on South Coast AQMD’s Mission, Operations or Initiatives: According to the CARB 2018 GHG Inventory, commercial and residential buildings are responsible for approximately 12% each of all greenhouse gas (GHG) emissions, and space and water heating make up nearly 75% of all building-related fuel consumption. To date, electric appliances have been key in helping fulfill California’s zero emissions goals. Because of the impacts to the environment, CARB is considering a regulation requiring any newly purchased heater to be a zero-emission space or water heater as an important part of their effort to decrease GHG emissions to help meet the state’s climate goals of achieving carbon neutrality by 2045 or earlier. Similarly, the sponsor of this bill, the Bay Area AQMD, is considering amending their Regulation 9, Rules 4 and 6 to reduce emissions of nitrogen oxides from residential and commercial furnaces and water heaters via replacement or upgrade to zero emission electric appliances. These Bay Area AQMD amendments would bring the Bay Area into line with air districts in the Southern California and Central Valley regions, which are developing programs to help residents facilitate the transition to zero-emission electric appliances. These changes in regulation are examples of a trend to electrification to reduce GHG and air pollutant emissions.

This bill is consistent with South Coast AQMD’s policy priorities to promote zero emission technology, reduce emissions and protect public health within the South Coast region.

Recommended Position: SUPPORT

Support:

Bay Area Air Quality Management District (Sponsor)
ACT Now Bay Area
Acterra: Action for A Healthy Planet
Building Decarbonization Coalition
California Air Pollution Control Officers Association
California Environmental Voters
Carbon Free Palo Alto
Carbon Free Silicon Valley
Center for Biological Diversity
EarthJustice
Institute for Market Transformation
Natural Resources Defense Council (NRDC)
Physicians for Social Responsibility - San Francisco Bay Area Chapter
Rewiring America
RMI
San Francisco Bay Area Planning & Urban Research Association (SPUR)
Sierra Club California
Silicon Valley Leadership Group
US Green Building Council
350 Sacramento

Opposition:

Previously listed opposition has changed to neutral.

AMENDED IN SENATE APRIL 8, 2024

AMENDED IN SENATE MARCH 21, 2024

SENATE BILL

No. 1095

Introduced by Senator Becker

February 12, 2024

An act to add Section 4737 to the Civil Code, and to amend Sections 17958.8, 18031.7, and 18031.8 of, *and* to add Section 18031.9 to, the Health and Safety Code, relating to building standards.

LEGISLATIVE COUNSEL'S DIGEST

SB 1095, as amended, Becker. Cozy Homes Cleanup Act: building standards: gas-fuel-burning appliances.

(1) Existing law, the Manufactured Housing Act of 1980 (the “act”), requires the Department of Housing and Community Development to enforce various laws pertaining to the structural, fire safety, plumbing, heat-producing, or electrical systems and installations or equipment of a manufactured home, mobilehome, commercial coach, or special purpose commercial coach. The act defines “manufactured home” and “mobilehome” to mean a structure that meets specified requirements, including that the structure is transportable in one or more sections and is 8 body feet or more in width, or 40 body feet or more in length, in the traveling mode, or, when erected onsite, is 320 or more square feet, and includes the plumbing, heating, air-conditioning, and electrical systems contained within the structure.

The act specifies that it does not prohibit the replacement of water heaters or appliances for comfort heating in manufactured homes or mobilehomes with fuel-gas-burning water heaters or fuel-gas appliances for comfort heating that are not specifically listed for use in a manufactured home or mobilehome, as specified.

This bill would extend those provisions to also apply to electric water heaters and electric appliances for comfort heating that are not specifically listed for use in a manufactured home or mobilehome.

This bill would provide that the act, including any regulation, rule, or bulletin adopted pursuant thereto, does not prohibit the installation of plumbing, heating, or air-conditioning systems for manufactured homes, mobilehomes, or multifamily manufactured homes from being located outside of the home if necessary to replace an existing fuel-gas-burning water heater.

(2) The act requires replacement fuel-gas-burning water heaters to be listed for residential use and installed within the specifications of that listing to include tiedown or bracing to prevent overturning.

This bill would also require replacement electric water heaters to be listed for residential use and installed within the specifications of that listing to include tiedown or bracing to prevent overturning.

The act requires fuel-gas-burning water heater appliances in new manufactured homes or new multifamily manufactured homes to be seismically braced, anchored, or strapped, as specified.

This bill would also require electric water heater appliances in new manufactured homes or new multifamily manufactured homes to be seismically braced, anchored, or strapped, as specified.

The act required the Department of Housing and Community Development, on or before July 1, 2009, to promulgate rules and regulations that include standards for water heater seismic bracing, anchoring, or strapping.

This bill would require the department, on or before ~~August 15, 2025,~~ *July 1, 2026*, to promulgate rules and regulations that include standards for electric water heater seismic bracing, anchoring, or strapping, as specified.

This bill would also require the department, if necessary, by ~~December 31, 2025,~~ *July 1, 2026*, to update rules and regulations that facilitate the use of electricity-powered space and water heating technologies for manufactured homes, mobilehomes, and multifamily manufactured homes when necessary to replace fuel-burning appliances with electric appliances.

The act provides that any person who knowingly violates any provision of the act or any rule or regulation issued pursuant to the act is guilty of a misdemeanor.

By establishing new standards applicable to the installation and replacement of electric water heaters, the bill would expand the above-mentioned crime and thus impose a state-mandated local program.

(3) The act provides that it does not prohibit the replacement in manufactured homes or mobilehomes of ovens, ranges, or clothes dryers with fuel-gas-burning ovens, ranges, or clothes dryers that are not specifically listed for use in a manufactured home or mobilehome.

This bill would authorize the replacement in manufactured homes or mobilehomes of ovens, ranges, or clothes dryers with electric ovens, ranges, or clothes dryers that are not specifically listed for use in a manufactured home or mobilehome.

The act requires replacement gas-fuel-burning ovens, ranges, or clothes dryers to be listed for residential use and installed in accordance with the specifications of that listing to include tiedown and bracing to prevent displacement.

This bill would require replacement electric ovens, ranges, or clothes dryers to be listed for residential use and installed in accordance with the specifications of that listing to include tiedown and bracing to prevent displacement.

(4) Existing law, the State Housing Law, establishes statewide construction and occupancy standards for buildings used for human habitation. The State Housing Law requires local ordinances or regulations that govern the alteration and repair of existing buildings to permit the replacement, retention, and extension of original materials and the use of original methods of constructions, provided that the portion of the building and structure complies with applicable building code provisions and the building does not become or continue to be a substandard building, as specified.

This bill would provide that the above provision regarding the use of original materials and methods of construction does not prevail over any state or local law that prohibits the use or installation of fuel-gas-burning appliances or that requires the use or installation of electric appliances.

(5) The Davis-Stirling Common Interest Development Act governs the management and operation of common interest developments. Existing law makes void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified.

This bill would make void and unenforceable any provision of the governing documents or architectural guidelines or policies to the extent that the provision prevents the replacement of a fuel-gas-burning appliance with an electric appliance.

(6) This bill would state that specified provisions of the bill are declaratory of existing law.

(7) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. This act shall be known, and may be cited, as the
2 Cozy Homes Cleanup Act.

3 SEC. 2. Section 4737 is added to the Civil Code, to read:

4 4737. Notwithstanding any other law, any provision of the
5 governing documents or architectural guidelines or policies shall
6 be void and unenforceable to the extent that the provision prevents
7 the replacement of a fuel-gas-burning appliance with an electric
8 appliance.

9 SEC. 3. Section 17958.8 of the Health and Safety Code is
10 amended to read:

11 17958.8. (a) Local ordinances or regulations governing
12 alterations and repair of existing buildings shall permit the
13 replacement, retention, and extension of original materials and the
14 use of original methods of construction for any building or
15 accessory structure subject to this part, including a hotel,
16 lodginghouse, motel, apartment house, or dwelling, or portions
17 thereof, as long as the portion of the building and structure subject
18 to the replacement, retention, or extension of original materials
19 and the use of original methods of construction complies with the
20 building code provisions governing that portion of the building or
21 accessory structure at the time of construction, and the other rules
22 and regulations of the department or alternative local standards
23 governing that portion at the time of its construction and adopted

1 pursuant to Section 13143.2 and the building or accessory structure
2 does not become or continue to be a substandard building.

3 (b) This section shall not prevail over any other state or local
4 law that prohibits the use or installation of fuel-gas-burning
5 appliances or that requires the use or installation of electric
6 appliances.

7 SEC. 4. Section 18031.7 of the Health and Safety Code is
8 amended to read:

9 18031.7. (a) (1) Nothing in this part shall prohibit the
10 replacement of water heaters in manufactured homes or
11 mobilehomes with electric or fuel-gas-burning water heaters not
12 specifically listed for use in a manufactured home or mobilehome
13 or from having hot water supplied from an approved source within
14 the manufactured home or mobilehome, or in the garage, in
15 accordance with this part or Part 2.1 (commencing with Section
16 18200).

17 (2) Nothing in this part shall prohibit the replacement of
18 appliances for comfort heating in manufactured homes,
19 mobilehomes, or multifamily manufactured homes with electric
20 or fuel-gas appliances for comfort heating not specifically listed
21 for use in a manufactured home or mobilehome within the
22 manufactured home, mobilehome, or multifamily manufactured
23 home in accordance with this part, Part 2.1 (commencing with
24 Section 18200), or Part 2.3 (commencing with Section 18860).

25 (b) Nothing in this part, nor any regulation, rule, or bulletin
26 adopted pursuant to this part, shall prohibit the installation of
27 plumbing, heating, or air-conditioning systems for manufactured
28 homes, mobilehomes, or multifamily manufactured homes from
29 being located outside of the home if necessary to replace an
30 existing fuel-gas-burning water heater.

31 (c) Replacement electric or fuel-gas-burning water heaters shall
32 be listed for residential use and installed within the specifications
33 of that listing to include tiedown or bracing to prevent overturning.

34 (d) Replacement electric or fuel-gas-burning water heaters
35 installed in accordance with subdivision (c) shall bear a label
36 permanently affixed in a visible location adjacent to the fuel gas
37 inlet or electrical power source which reads, as applicable:

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WARNING
This appliance is approved only for use with natural gas (NG).

OR

WARNING
This appliance is approved only for use with liquified petroleum gas (LPG).

OR

WARNING
This appliance is approved only for electrical use.

Lettering on the label shall be black on a red background and not less than ¼ inch in height except for the word “WARNING” which shall be not less than ½ inch in height.

(e) (1) All electric or fuel-gas-burning water heater appliances in new manufactured homes or new multifamily manufactured homes installed in the state shall be seismically braced, anchored, or strapped pursuant to paragraph (3) or (4) and shall be completed before or at the time of installation of the homes.

(2) Any replacement electric or fuel-gas-burning water heater appliances installed in existing mobilehomes, existing manufactured homes, or existing multifamily manufactured homes that are offered for sale, rent, or lease shall be seismically braced, anchored, or strapped pursuant to paragraph (3) or (4).

(3) On or before July 1, 2009, the department shall promulgate rules and regulations that include standards for water heater seismic bracing, anchoring, or strapping. These standards shall be substantially in accordance with either the guidelines developed pursuant to Section 19215 or the California Plumbing Code (Part 5 of Title 24 of the California Code of Regulations), and shall be applicable statewide.

(4) On or before ~~August 15, 2025~~, *July 1, 2026*, the department shall promulgate rules and regulations that include standards for electric water heater seismic bracing, anchoring, or strapping. These standards shall be substantially in accordance with either

1 the guidelines developed pursuant to Section 19215 or the
2 California Plumbing Code (Part 5 of Title 24 of the California
3 Code of Regulations), and shall be applicable statewide.

4 (5) The dealer, or manufacturer acting as a dealer, responsible,
5 as part of the purchase contract, for both the sale and installation
6 of any home subject to this subdivision shall ensure all water
7 heaters are seismically braced, anchored, or strapped in compliance
8 with this subdivision prior to completion of installation.

9 (6) In the event of a sale of a home, pursuant to either paragraph
10 (1) of subdivision (e) of Section 18035 or Section 18035.26, the
11 homeowner or contractor responsible for the installation of the
12 home shall ensure all electric or fuel-gas-burning water heater
13 appliances are seismically braced, anchored, or strapped consistent
14 with the requirements of paragraph (3). This requirement shall be
15 satisfied when the homeowner or responsible contractor signs a
16 declaration stating each electric or fuel-gas-burning water heater
17 is secured as required by this section on the date the declaration
18 is signed.

19 (f) All used mobilehomes, used manufactured homes, and used
20 multifamily manufactured homes that are sold shall, on or before
21 the date of transfer of title, have the electric or fuel-gas-burning
22 water heater appliance or appliances seismically braced, anchored,
23 or strapped consistent with the requirements of paragraph (3) or
24 (4) of subdivision (e). This requirement shall be satisfied if, within
25 45 days prior to the transfer of title, the transferor signs a
26 declaration stating that each water heater appliance in the used
27 mobilehome, used manufactured home, or used multifamily
28 manufactured home is secured pursuant to paragraph (3) or (4) of
29 subdivision (e) on the date the declaration is signed.

30 (g) For sales of manufactured homes or mobilehomes installed
31 on real property pursuant to subdivision (a) of Section 18551, as
32 to real estate agents licensed pursuant to Division 4 (commencing
33 with Section 10000) of the Business and Professions Code, the
34 real estate licensee duty provisions of Section 8897.5 of the
35 Government Code shall apply to this section.

36 SEC. 5. Section 18031.8 of the Health and Safety Code is
37 amended to read:

38 18031.8. (a) Nothing in this part or the regulations promulgated
39 thereunder shall prohibit the replacement in manufactured homes
40 or mobilehomes of ovens, ranges, or clothes dryers with electric

1 or fuel gas burning ovens, ranges, or clothes dryers not specifically
2 listed for use in a manufactured home or mobilehome.

3 (b) Replacement electric or fuel gas burning ovens, ranges, or
4 clothes dryers shall be listed for residential use and installed in
5 accordance with the specifications of that listing to include tiedown
6 and bracing to prevent displacement.

7 (c) Replacement electric or fuel gas burning ovens, ranges, or
8 clothes dryers installed in accordance with subdivision (b) shall
9 bear a label in compliance with subdivision (c) of Section 18031.7.

10 SEC. 6. Section 18031.9 is added to the Health and Safety
11 Code, to read:

12 18031.9. The department shall, if necessary, by ~~December 31,~~
13 ~~2025,~~ *July 1, 2026*, update existing rules and regulations that
14 facilitate the use of electricity-powered space and water heating
15 technologies for manufactured homes, mobilehomes, and
16 multifamily manufactured homes when necessary to replace
17 fuel-burning appliances with electric appliances.

18 SEC. 7. The amendments to Section 17958.8 of the Health and
19 Safety Code made by this act do not constitute a change in, but
20 are declaratory of, existing law.

21 SEC. 8. No reimbursement is required by this act pursuant to
22 Section 6 of Article XIII B of the California Constitution because
23 the only costs that may be incurred by a local agency or school
24 district will be incurred because this act creates a new crime or
25 infraction, eliminates a crime or infraction, or changes the penalty
26 for a crime or infraction, within the meaning of Section 17556 of
27 the Government Code, or changes the definition of a crime within
28 the meaning of Section 6 of Article XIII B of the California
29 Constitution.



May 3, 2024

The Honorable Josh Becker
California State Senate
1021 O Street, Suite 7250
Sacramento, CA 95814

RE: SB 1095 (Becker) Cozy Homes Cleanup Act (April 8, 2024) — **NEUTRAL POSITION**

Senator Becker,

On behalf of the Western Manufactured Housing Communities Association (WMA), I appreciate your willingness to amend SB 1095 to address our concern about the original version's language's potential to require significant utility system upgrades necessary to comply with the legislation.

Further, we appreciate you agreeing to ensure electric appliances installed do not jeopardize the health and safety of residents and the mobilehome park and requires the Department of Housing and Community Development to promulgate rules and regulations to satisfy the requirements of SB 1095.

For the reasons listed above, WMA has adopted a neutral position on SB 1095. If you have any questions or comments regarding our position, please contact me at (916) 448-7002, and thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Chris Wysocki".

Christopher Wysocki
State Legislative Advocate

CC: The Honorable Anna Caballero, Chair, Senate Appropriations Committee
The Honorable Brian Jones, Vice-Chair, Senate Appropriations Committee
Members, Senate Appropriations Committee
Mark McKenzie, Staff Director, Senate Appropriations Committee
Kirk Feely, Fiscal Director, Senate Republican Caucus



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March 26, 2024

Senator Thomas J. Umberg
Chair, Senate Judiciary Committee
1021 O Street, Room 3240
Sacramento, CA 95814

**RE: SB 1095 (Becker) Cozy Homes Cleanup Act: Building Standards
California Manufactured Housing Institute: Removal of Opposition
Set for hearing 4/2/24**

Chair Umberg:

On March 11th 2024, the California Manufactured Housing Institute (CMHI) submitted an *Oppose Unless Amended* letter on Senator Becker's SB 1095, primarily based on our concerns with the bill's definition of, "manufactured home."

Based on the author's March 21, 2024 amendments, taken in Senate Housing Committee, we write with thanks for Senator Becker's amendments to address our concerns and we have adopted a *Neutral* position on SB 1095.

If you have any questions regarding our change in position, please contact John Moffatt or Geoff Neill, CMHI's legislative representatives, at (916) 446-6752. Thank you for your consideration.

Sincerely

A handwritten signature in blue ink, appearing to read "J. Maxcy", is written over a horizontal line.

Jess Maxcy
President

SB 1298 (Cortese)

Certification of thermal powerplants: data centers.

Summary: This bill authorizes the California Energy Commission (CEC) to exempt a thermal powerplant with generating capacity up to 150 megawatts (MW) from the CEC’s powerplant siting review, if the facility is used solely as a backup generation facility for a data center and certain other conditions are met.

Background: Existing law:

- 1) Defines a “thermal powerplant” as any stationary or floating electrical generating facility with a generating capacity of 50 MW or more using any source of thermal energy. Thermal powerplants include facilities related to the powerplant; however, they do not include facilities related to a geothermal development or production facility. Existing law also exempts certain renewable energy generation facilities from the definition of a thermal powerplant, including wind, hydroelectric, and solar photovoltaic facilities.
- 2) Provides the CEC with exclusive authority to certify all power facilities in the state, regardless of whether a facility is a new power site or an addition to an existing site. A certificate provided by the CEC for a power facility serves in lieu of any permit, certificate, or similar authorization required by any local, regional, state, or federal agency to the extent permitted by federal law.
- 3) Designates the CEC as the lead review agency under the California Environmental Quality Act (CEQA) for projects subject to the CEC’s powerplant siting review authority. Any other public agency making a decision related to the CEQA review of a powerplant that is subject to the CEC’s authority must use the CEC’s certification review as the environmental impact report for that decision.
- 4) Allows the CEC to exempt from its certification process certain thermal powerplants with a generating capacity up to 100 MW and modifications to existing facilities that do not add capacity in excess of 100 MW. The CEC may provide an exemption as long as the CEC finds that no substantial adverse impact on the environment or energy resources will result from the construction or operation of the proposed facility or from the modifications.
- 5) Provides an expedited judicial review of CEC decisions for powerplant and transmission applications for certification. These decisions are subject to judicial review by the California Supreme Court. All other courts within the state are prohibited from hearing or determining any issue regarding CEC powerplant and transmission applications which could have been determined in a CEC proceeding and all other courts may not delay or

stop construction of a powerplant except to enforce a CEC decision regarding the construction.

Status: 4/22/24 - Read second time and amended. Re-referred to Senate Appropriations Committee.

Specific Provisions: Specifically, this bill authorizes the CEC to exempt a thermal powerplant with generating capacity up to 150 MW from CEC’s powerplant siting review, if it meets the following conditions:

- 1) The facility is used solely as a backup generation facility for a data center;
- 2) The facility is located on the customer side of the meter and is not interconnected to the distribution system; and
- 3) CEC finds that no substantial adverse impact on the environment or energy resources will result from the construction and operation of the facility.

Impacts on South Coast AQMD’s Mission, Operations or Initiatives: Numerous data center projects with large diesel generators as a source of backup power have been installed through the CEC’s Small Power Plant Exemption (SPPE) program. These generators emit cancer causing toxic air contaminants including diesel particulate matter, criteria air pollutants, and greenhouse gases. The risk to public health and the environment from operation of diesel-fired generators is significant. Much of the risk can be avoided by requiring cleaner technologies such as natural gas engines or fuel cells. Raising the exemption threshold from the current 100 to 150 MW will encourage larger data centers to be installed, resulting in even more negative impacts to nearby communities.

Recommended Position: OPPOSE

Support:

Silicon Valley Leadership Group, Sponsor
Bay Area Council
Carlsbad Chamber of Commerce
Data Center Coalition
ECOLAB
Greater Irvine Chamber of Commerce
Microsoft Corporation
Multicultural Business Alliance
Opportunity Stanislaus
San Francisco Filipino American Chamber of Commerce

Opposition:

Bay Area Air Quality Management District, unless amended.

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1298 (Cortese)
Version: As Amended 4/22/24
Analyst: DPG

California Air Pollution Control Officers Association
Coalition for Clean Air
Union of Concerned Scientists

AMENDED IN SENATE APRIL 22, 2024

SENATE BILL

No. 1298

Introduced by Senator Cortese

February 15, 2024

An act to amend Section 25541 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1298, as amended, Cortese. Certification of thermal powerplants: data centers.

Existing law vests the State Energy Resources Conservation and Development Commission with the exclusive power to certify all locations on which an electrical transmission line or thermal powerplant is constructed, or is proposed to be constructed, and related electrical transmission lines or thermal powerplants. Existing law authorizes the commission to exempt from certification a thermal powerplant with a generating capacity of up to 100 megawatts, and modifications to existing generating facilities that do not add capacity in excess of 100 megawatts, if the commission finds that no substantial adverse impact on the environment or energy resources will result from the construction or operation of the proposed facility or from the modifications.

This bill would additionally authorize the commission to exempt from certification a thermal powerplant with a generating capacity of up to ~~200~~ 150 megawatts ~~that if it is used solely as an emergency backup generating a backup generation facility for a data center and that is not interconnected with the electrical transmission grid for purposes of exporting electricity, if center, it is located on the customer side of the meter and is not interconnected to the distribution system, and~~ the commission finds that no substantial adverse impact on the environment

or energy resources will result from the construction ~~or~~ *and* operation of the ~~proposed data center facility.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

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

1 SECTION 1. Section 25541 of the Public Resources Code is
 2 amended to read:

3 25541. The commission may exempt from this chapter both
 4 of the following:

5 (a) Thermal powerplants with a generating capacity of up to
 6 100 megawatts and modifications to existing generating facilities
 7 that do not add capacity in excess of 100 megawatts, if the
 8 commission finds that no substantial adverse impact on the
 9 environment or energy resources will result from the construction
 10 or operation of the proposed facility or from the modifications.

11 ~~(b) Thermal powerplants with a generating capacity of up to~~
 12 ~~200 megawatts that are used solely as emergency backup generating~~
 13 ~~facilities for a data center and that are not interconnected with the~~
 14 ~~electrical transmission grid for purposes of exporting electricity,~~
 15 ~~if the commission finds that no substantial adverse impact on the~~
 16 ~~environment or energy resources will result from the construction~~
 17 ~~or operation of the proposed data center.~~

18 (b) *Thermal powerplants with a generating capacity of up to*
 19 *150 megawatts, subject to all of the following conditions:*

20 (1) *The facility is used solely as a backup generation facility*
 21 *for a data center.*

22 (2) *The facility is located on the customer side of the meter and*
 23 *is not interconnected to the distribution system.*

24 (3) *The commission finds that no substantial adverse impact on*
 25 *the environment or energy resources will result from the*
 26 *construction and operation of the facility.*



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

To: South Coast AQMD Legislative Committee
From: Carmen Group
Date: April 24, 2024
Re: Federal Update -- Executive Branch

Department of Transportation

DOT Announces Funds Available for Mega, INFRA, and Rural Grants: In late March, the Department of Transportation announced the availability of \$5.1 billion for three significant grant opportunities under a single application process through the Multimodal Projects Discretionary Grant Program (MPDG). This includes \$1.7 billion for the Mega program to help fund large complex projects above \$100 million in total cost; \$2.7 billion for the INFRA program for multimodal freight and highway projects; and \$780 million for the Rural program to fund highway, bridge and tunnel projects in rural areas. Applications due May 6, 2024.

FRA Announces Funds Available Rail Infrastructure Grants: In late March, the Federal Railroad Administration (FRA) announced the availability of \$2.4 billion under the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program for projects that modernize freight and passenger rail infrastructure. Applications due May 29, 2024.

FTA Announces Funds Available for Ferry Service Modernization: In April, the Federal Transit Administration (FTA) announced the availability of \$316 million for projects to modernize passenger ferry service across the country. This includes \$49 million for electric or low-emission ferry vessels that use alternative fuels or on-board energy storage systems. Applications due June 17, 2024.

FHWA Announces Grants to Reduce Truck Air Pollution Near Ports: In April, the Federal Highway Administration (FHWA) announced \$148 million in grants to 16 projects in 11 states under the Reduction of Truck Emissions at Port Facilities grant program. In California, \$49.7 million in grants went to the Ports of Long Beach, Los Angeles and Oakland, each receiving funds to replace diesel and gas trucks with zero-emission technologies, electric trucks and EV chargers.

FAA Announces Research Grants to Reduce Aviation Emissions and Noise: In late March, the Federal Aviation Administration (FAA) announced the award of \$27.1 million to 11 universities as part of the Aviation Sustainability Center (ASCENT) program. This includes sustainable aviation fuel research at Stanford University in California.

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DOT IG Launches Audit of MARAD’s Port Infrastructure Program Grants: In April, DOT’s Inspector General (IG), citing the heightened risks associated with administering a grant program that has received a substantial increase in funding, launched a formal audit to assess the Maritime Administration’s management and oversight of the Port Infrastructure Development Program’s funded grants.

Notable Personnel Change: Christopher Coes, Assistant Secretary for Transportation Policy, now serves as Acting Under Secretary for Policy, replacing Carlos Monte Jr. who announced his departure in April.

Environmental Protection Agency

EPA Finalizes Phase 3 GHG Standards for Heavy-Duty Trucks: In late March, the Environmental Protection Agency announced final greenhouse gas emissions standards for heavy-duty vehicles, such as freight trucks and buses, for model years 2028-2032, after digesting over 175,000 public comments. The “Phase 3” standards build on EPA’s Heavy-Duty Phase 2 program from 2016. The standards are to be technology-neutral, allowing manufacturers flexibility in choices of emissions control methods, and envisions a gradual transition in the development and deployment of future vehicle technologies. At the same time, the EPA says the agency will closely monitor implementation and may decide to issue further guidance documents or issue a new rulemaking if deemed necessary as circumstances warrant.

EPA Announces Its Selections to Coordinate New Clean Energy Grants: In April, the EPA announced the selection of eight private entities that will coordinate the distribution of \$20 billion in grant awards under the Greenhouse Gas Reduction Fund (GGRF) created by the Inflation Reduction Act. The EPA says the three selections under the \$14 billion National Clean Energy Investment Fund and the five selections under the \$6 billion Clean Communities Investment Accelerator will create a national clean financing network for clean energy and climate solutions that will help communities have the access they need to benefit from the financing of tens of thousands of projects expected under these programs. Meanwhile, the EPA also announced under the GGRF a \$7 billion investment in 60 Solar for All recipients that it says will enable 900,000 households in low-income and disadvantaged communities to deploy and benefit from distributed solar energy.

EPA Announces Funds Available for Clean Heavy-Duty Vehicle Grants: In April, the EPA announced the new Clean Heavy-Duty Vehicle grant program, making nearly \$1 billion available to fund the replacement of older Class 6 and 7 vehicles with new zero-emission heavy-duty vehicles. Approximately 70% of the funding will go to school buses and 30% will go to vocational vehicles such as garbage trucks, dump trucks, delivery trucks and utility trucks. Applications due July 25, 2024.

EPA’s Car/Truck Emissions Rule Draws Legal Challenge: In April, a coalition of 25 state attorneys general, led by the state of Kentucky, filed a legal challenge to the EPA’s March 20 final rule designating new emissions standards for cars and light trucks for

model years 2027-2032. The challenge frames the EPA action as an “electric vehicle mandate” that the state AG’s group claims exceeds the agency’s authority, and asks the DC Circuit Court of Appeals to vacate the rule.

Department of Energy

DOE Rule Pushes Federal Buildings Toward Zero Emissions: In April, the Department of Energy (DOE) announced a final rule which it says implements a Congressional mandate under the Energy Independence and Security Act of 2007 to phase out fossil fuel usage in new federal building construction. The Clean Energy for New Federal Buildings Rule is expected to achieve a 90% reduction in fossil fuel use in new projects started between 2025 and 2029, and completely eliminate on-site fossil fuel usage in new projects beginning in 2030. Meanwhile, the DOE also released a report, *Decarbonizing the US Economy by 2050: A National Blueprint for the Buildings Sector*, described as a comprehensive plan to reduce greenhouse gas emissions from all buildings by 65% by 2030 and 90% by 2050.

DOE Loan Will Support Domestic Electric Vehicle Manufacturing: In April, the DOE’s Loan Programs Office announced the closing of a \$362 million loan to CelLink Corporation of San Carlos, CA, to help finance the construction of a domestic manufacturing facility in Georgetown, TX, that will produce components essential to electric vehicle assembly. CelLink brings expertise in producing wiring harnesses and related equipment that relay information and carry electricity throughout electric vehicles.

DOE Releases Reports on Pathways to Bolster National Electric Grid: In April, the DOE release two reports designed to show progress in efforts to improve the reliability and capacity of the nation’s electric grid, which will be essential in the drive toward net zero emissions in all sectors. The *Transmission Interconnection Roadmap* serves as a guide for transmission providers, consumer advocates, and other stakeholders to meet success targets and outline tools for connecting more clean energy projects to the grid in a timely way. The *Pathways to Commercial Liftoff: Innovative Grid Deployment* report demonstrates how commercially available advanced grid solutions can cost-effectively increase the existing grid’s capacity to support higher peak demand growth.

DOE Announces Environmental Justice Grants: In April, the DOE announced \$27 million in financial and technical assistance to 40 partner teams of states and local governments through the Energy Futures Grants (EFG) Program. The EFG program supports partnership efforts to facilitate and advance clean energy projects in disadvantaged communities. Receiving one the multiple \$500,000 grants was the EV Equity Workforce Program in Los Angeles County, CA, which DOE says is bringing equity and diversity to the field of electric vehicle infrastructure development while partnering with local unions and community and technical colleges.

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To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: April 24, 2024
Re: April Report

HOUSE/SENATE

Congress

During the short April session Congress passed a bill to reauthorize Section 702 of the Foreign Intelligence Surveillance Act and the Senate voted to dismiss the articles of impeachment for Homeland Security Secretary Alejandro Mayorkas. In addition, House and Senate Committees held several hearings related to Fiscal Year 2025 budget requests.

Although the Senate was scheduled to be in recess this week, members stayed for an extended session to pass the foreign aid package that was passed by the House over the weekend. The \$95 billion package includes funding for Israel, Ukraine, and Taiwan, as well as a prospective TikTok ban and language authorizing the sale of Russian assets. The House and Senate will be back in session April 29.

EPA

On April 19, the Environmental Protection Agency (EPA) issued a final rule to designate two PFAS chemicals, perfluorooctanoic acid (PFOA) and perfluorooctanesulfonic acid (PFOS), as hazardous substances. The rule will ensure reporting and cleanup of the two chemicals from leaks, spills, and other releases. The EPA also issued a separate enforcement discretion policy to focus enforcement of the new rule on manufacturing and industrial companies who have significantly contributed to the release of PFAS chemicals. Read more [here](#).

On April 15, the EPA denied a petition to remove stationary combustion turbines from compliance with national limits on hazardous air pollutants under section 112 of the Clean Air Act. Stationary combustion turbines release toxic emissions in their exhaust gases. Petitioners claimed that cancer risks from their exhaust should meet the statutory delisting threshold, but the EPA determined that the petition was incomplete. Stationary combustion turbines will continue to be required to limit emissions of air toxics, including formaldehyde. Read more [here](#).

On April 11, the EPA released the annual “Inventory of U.S. Greenhouse Gas Emissions and Sinks,” which offers a national-level overview of emissions of seven greenhouse gases (GHG) – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride – during 2022. The report also calculates carbon dioxide that is removed from the atmosphere through the uptake of carbon in forests. The country saw a 1.3% increase in GHG emissions as a result of higher energy use in 2022. However, emissions have declined 17% overall since 2005. Read more [here](#).

On April 10, the EPA used its authority under the American Innovation and Manufacturing Act of 2020 (AIM) to file a complaint against USA Wholesale, Inc. for unlawfully importing hydrofluorocarbons (HFCs). The San Jose corporation sells engine lubricants and attempted to illegally import 34,480.3 pounds of HFC-134a. The AIM Act requires the United States to phase down HFC production and consumption by 85% by 2036. HFCs have global warming potentials hundreds to thousands of times higher than carbon dioxide. Read more [here](#).

On April 1, the EPA announced settlements with four automotive parts distributors based in Southern California to resolve claims of violations of the Clean Air Act. Domestic Gaskets, Mizumo Auto, PPE Inc, and Performance Parts will all pay penalties to settle violations from manufacturing and selling defeat devices that exacerbate harmful air pollution by disabling required emissions control systems. Defeat devices can enable large emissions of nitrogen oxides and particulate matter, which can contribute to respiratory issues. Read more [here](#).

On March 29, the EPA announced final national greenhouse gas pollution standards for heavy-duty vehicles for model years 2027 through 2032. The standards, which will apply to heavy-duty vocational vehicles and tractors, will allow each manufacturer to choose what emissions control technologies are best for them. The final rule will reduce dangerous air pollution and is expected to avoid one billion tons of greenhouse gas emissions. The EPA is allowing more time in the early model years of the program for development of vehicle technologies and deployment of charging and refueling infrastructure. Read more [here](#).

Cassidy and Associates support in April:

- Worked with SCAQMD staff to strategize on future DC outreach.
- Strategized with SCAQMD staff regarding EPA Proposed Disapproval.
- Continued to monitor and report on activities in Congress and the Administration that impact the District.
- Assisted SCAQMD to prepare for upcoming appropriations cycle by sharing submission dates, exploring opportunities to influence policy through report language, and providing updates on status of spending bills
- Participated in weekly strategy sessions with SCAQMD staff.

IMPORTANT LEGISLATIVE DATES

May 10, 2024: Deadline for the Federal Aviation Administration reauthorization.

September 30, 2024: Reauthorization deadline for the Farm Bill, an omnibus package of legislation that supports US agriculture and food industries; the bill is reauthorized on a five-year cycle. The Congressional Budget Office (CBO) projects a combined budget of \$648 billion for the 2023 Farm Bill.

December 31, 2024: Expiration of the National Defense Authorization Act, which authorizes and funds specialized Department of Defense (DoD) programs and sets the DoD's policy agenda each year.

KADESH & ASSOCIATES

South Coast AQMD Report for the May 2024 Legislative Meeting covering April 2024 Kadesh & Associates

As reported last month, Congress finally completed work on the FY24 appropriations cycle and – with the release of the President’s FY25 budget request – Washington officially kicked off the FY25 budget process. The House and Senate Appropriations committees have spent the first part of the month of April on their annual budget hearings, taking testimony from agency and departmental officials. EPA Administrator Regan will testify in the House on April 30.

Despite this early committee activity, until the House and Senate arrive at an agreed-upon spending deal, government funding is still likely to lapse at the end of the fiscal year, requiring a continuing resolution and all of the attendant politics that accompanies end-of-election-year funding fights. At the end of March, House Appropriations Chair Kay Granger announced that she would step down from the role in advance of her retirement at the end of the session. Senior committee member Tom Cole (R-OK) was approved by the Republican conference as the new full committee chairman and will oversee this year’s process, which means that the House Republicans will bring different negotiators to the table for FY25 than they did for the start of FY24 (from McCarthy/Granger to Johnson/Cole).

The House was only in session for the first two weeks of the month, but it was an active work period: after much hand-wringing, the chamber was able to pass a long-stalled package of foreign assistance bills, including \$61 billion for Ukraine. The Senate returned from its recess to pass the funding package, and President Biden will sign it into law soon. With Speaker Johnson having finally called their bluff, Members of the House Freedom Caucus have now filed a motion to vacate the chair – ie a “no confidence” vote in his leadership. However, it is unclear whether this vote will actually occur given that the bills passed overwhelmingly, and it is unclear if House Democrats will support the Speaker in appreciation of his decision to finally bring up the Ukraine/Israel/Indo-Pacific aid packages. The House majority is deeply divided and it remains unlikely whether any further meaningful legislation will be considered between now and the election.

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 including CPRG. Assisted with efforts related to U.S. EPA’s proposed disapproval of South Coast AQMD’s Contingency Measure Plan for 1997 8-hour ozone standard.

Contacts:

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

###

RESOLUTE^{*}

South Coast Air Quality Management District Legislative and Regulatory Update –April 2024

❖ Important Upcoming Dates

May 24, 2024 – House of Origin Deadline for Legislation Introduced in that House.

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

- Provided ongoing updates as the Legislature began committee hearings in mid-March and continued staff work on legislation during the legislative spring recess
- Set and attended meetings with legislative offices regarding bills for the 2024 legislative session, including for SCAQMD sponsored legislation.

❖ AB 2522 (W. Carrillo): SCAQMD Sponsored Legislation

Summary: the bill states that each member of the board shall receive compensation of \$200 for each day, or portion thereof, but not to exceed \$2,000 per month, while attending meetings of the board or any committee, or on official business of the district. The bill also authorizes increases to the compensation amount pegged to the Consumer Price Index (CPI) with a ceiling of 10 percent per year.

This bill had been set for hearing on April 8th in the Assembly Natural Resources Committee and received unanimous support. Because this bill is not estimated to have a fiscal impact on the State, the bill avoided the Appropriations committee and was sent to the Assembly Floor. On April 18th, the bill passed the Assembly with unanimous support on the Consent File. Now the bill will head to the Senate for further deliberations after May.

❖ AB 2958 (Calderon): SCAQMD Sponsored Legislation

Summary: this bill repeals the existing statute prohibiting compensation for CARB members from Air Districts. In doing so, the bill addresses the inequity in compensation among CARB board members.

This bill had been set for hearing on April 8th in Assembly Natural Resources where it received unanimous support. Because this bill is expected to have a fiscal impact on the State, the bill was sent to the Appropriations Committee where it was placed on the Suspense File. The Appropriations Committee will take up the Suspense File on May 16th.

❖ Early Action on Budget Items. On April 4th, legislative leadership and the Governor agreed on the final version of the Early Action Package. Governor's overview is available here: <https://www.gov.ca.gov/wp-content/uploads/2024/04/Early-Action-Agreement-Overview-.pdf>

The Early Action Package was contained in AB 106, which was subsequently passed by the legislature and signed by the Governor on April 15th.

❖ Legislative Meetings Set in March. As the legislative hearing process in the capitol picked up pace, the SCAQMD Government Affairs team and the Resolute team met with the following offices regarding priority legislation: Asm. Josh Hoover, Asm. Mathis, Asm. Friedman, Asm Muratsuchi, and Asm. Kalra.



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report

California Advisors, LLC

May 9, 2024, Legislative Committee Hearing

Legislative Update

April is traditionally one of the busiest months in the California State Legislature, primarily because this month includes the deadline for policy committees to hear and vote on bills. This stage is crucial as it marks the beginning of the legislative process for many proposals. During these committee hearings, legislators and advocates engage in detailed discussions and debates on the bills, often for the first time. Although passing the policy committees is a significant first step for legislation, the Appropriations Committee plays an especially critical role this year, given the state's ongoing budget deficit. The Appropriations Committee “suspense” hearings will happen in mid-May this year.

Budget Update

The Legislature passed AB 106 which encompassed the early action budget items the Governor and the Legislature agreed upon. The budget bill contained two noteworthy provisions in Sections 74 and 77 which required the Department of Finance to send two letters to the Joint Legislative Budget Committee (JLBC) within 7 days.

The first letter, as mandated by Section 74, announced the administration’s plan to issue directives for suspending further expenditures of certain one-time appropriations from the Budget Acts of 2021, 2022, and 2023. This measure aims to provide policymakers with additional options to balance the budget in June, following a review period by the JLBC.

The second letter, required by Section 77, recorded the early action budget items previously released by the Senate and Assembly. This was important because many items in the

agreement concerned 2024-25 budget plans that will be reflected in the new 2024-25 budget bill by the June deadline. This notification memorialized the \$17.3 billion of changes to previously planned General Fund expenditures.

In March, the preliminary General Fund agency cash receipts were \$243 million or 1.6 percent below the projections set by the Governor's Budget, with a fiscal year-to-date shortfall of \$5.8 billion or 4.0 percent below the forecast of \$146.0 billion. Although personal income tax receipts for March exceeded expectations by \$683 million, this gain was negated by significant deficits in sales and use taxes (down \$653 million) and corporation taxes (down \$247 million).

For this year, personal income tax receipts have contributed \$3.4 billion to the shortfall and corporation tax receipts were also down by \$1.4 billion. The Department of Finance specifically noted that the current and longer-term sales tax receipts trends reflect ongoing weakness in taxable sales for the State. The next update on the State's cash position will come when the Governor provides his May Revise.



Joe A. Gonsalves & Son

Anthony D. Gonsalves

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PROFESSIONAL LEGISLATIVE REPRESENTATION

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TO: South Coast Air Quality Management District
FROM: Anthony, Jason & Paul Gonsalves
SUBJECT: Legislative Update – April, 2024
DATE: Tuesday, April 23, 2024

The Legislature returned from their week-long Spring Recess to a busy Capitol on April 1. April is typically a busy month in the Legislature. April 26 marks the deadline to pass all bills with costs to the State out of policy committees and to the fiscal committees. As this deadline applies to most legislation introduced each year, our firm has been tracking a number of bills and issues of interest to the District.

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

Budget Update

California is facing a significant budget deficit. The highly respected non-partisan Legislative Analyst's Office (LAO) previously projected a \$58 billion deficit based on the Governor's revenue projections. However, the Governor's January budget proposal projected a \$38 billion deficit.

In early February, the LAO released an update that predicts that by the time the Governor releases his May Revision to the budget, the state's deficit is projected to be \$15 billion higher, ballooning to \$73 billion. On the other hand, State revenues came in \$1.16 billion higher than projected for the month of February, mainly from personal income taxes and corporation taxes. Even with slightly higher projections, the Governor and Legislature have their work cut out for them to balance the state's budget.

On April 11, the Legislature passed AB 106 (Committee on Budget), a budget bill that reflects the early action budget agreement announced by the Governor and legislative leaders earlier this month to reduce the shortfall by approximately \$17.3 billion.

AB 106 is part of the early action agreement that contains a mix of \$3.6 billion in reductions (primarily to one-time funding), \$5.2 billion in revenue and borrowing, \$5.2 billion in delays and deferrals, and \$3.4 billion in shifts of costs from the general fund to other state funds.

Although the agreement addresses \$17 billion of the State's budget shortfall, it is also saving the more challenging fiscal decisions for later this summer when lawmakers have a more complete budget picture. With this \$17 billion in early actions, coupled with \$12.2 billion from the state Rainy Day Fund, Legislative leaders estimate the remaining deficit to be anywhere from \$8.6 billion to \$23.6 billion.

California Climate Actions

The State of California enjoyed a series of big climate wins this month, including new technology that cuts emissions from making cement and a groundbreaking clean energy project in tribal communities. The following will provide you with a summary of those actions:

- Court reaffirms California's right to fight vehicle pollution. California won a major legal victory to protect communities from dirty air and the climate crisis, defeating the fossil fuel industry. The federal appeals court reaffirmed our decades-old authority to innovate new clean-car standards to cut a major source of pollution.
- Making cleaner, greener cement. Roughly 8% of global emissions are caused by manufacturing, one of the larger contributors to the climate crisis. A California startup that just opened in Redding developed innovative technology to cut these emissions, capturing the carbon dioxide from when cement is made and using it to make more cement.
- Clean energy in tribal communities. A cutting-edge microgrid project funded by a \$32 million state grant will support energy sovereignty and sustainable economic growth for the Paskenta Band of Nomlaki Indians, one of the largest to benefit a California Native American tribe.
- \$75 million for clean water innovation. California's Lawrence Berkeley National Laboratory is pioneering cutting-edge technologies to produce more clean water, everything from wastewater recycling to desalination to water efficiency. The U.S. Department of Energy announced \$75 million to continue these innovations, on top of \$2.5 million the state invested in this program.
- \$58 million for climate-resilient infrastructure. The Biden-Harris Administration announced that California received six grants to protect infrastructure from the climate crisis, funding projects in California to upgrade roads, protect against flooding, improve safety, and more.
- Leading the country in solar power. A new report showed that California is a solar superpower, leading the nation with 68,816 gigawatt-hours of electricity produced by the sun – a 9% increase from the previous year. And, the state's grid broke a record for solar generation, with 17,170 megawatts on Wednesday afternoon; the next day another record was set by the grid, with 86% of demand being served by solar generation.
- First EV freight truck crosses the U.S.-Mexico border. New EV charging infrastructure, which was funded by a California climate grant, and a partnership between SDG&E and Bali Express has resulted in a significant milestone in

binational relations and clean energy – the first of many EV freight trucks to transport goods between the United States and Mexico.

California and Norway Climate Partnership

On April 16, Governor Newsom welcomed a delegation from Norway led by His Royal Highness Crown Prince Haakon. The California and Norway delegations visited the Larkspur Ferry Terminal, which includes the backdrop of one of the world's first clean hydrogen fuel cell passenger ferries, to sign a new Memorandum of Understanding (MOU) to advance climate collaboration.

The MOU outlines four years of cooperation between California and Norway on clean energy, zero-emission transportation and ports, carbon removal and climate-smart agriculture. The two delegations also signed a joint statement highlighting the new areas of climate collaboration, existing work on economic development and continued partnership on criminal justice and prison reform.

California's world-leading climate policies have led the state to exceed its 2020 climate target six years ahead of schedule, and formed partnerships across the U.S. and around the world.

Legislation

SB 1158 (Archuleta): This bill is sponsored by SCAQMD and proposes to extend the time air districts have to use Carl Moyer Program funds from 4 to 6 years.

SB 1158 was set for hearing in the Senate Transportation Committee on April 23. After meeting with the Committee staff, all 15 members of the committee, and the republican caucus, we were able to get unanimous support for the bill. Ultimately, SB 1158 was placed on the Senate Transportation Committee consent file and the bill passed.

SB 1158 will be heard next in the Senate Appropriations Committee.