



# South Coast Air Quality Management District

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

## LEGISLATIVE COMMITTEE MEETING

### Committee Members

Council Member Judith Mitchell, Chair  
Council Member Joe Buscaino, Vice Chair  
Mayor Pro Tem Larry McCallon  
Supervisor Shawn Nelson  
Dr. Clark E. Parker, Sr.  
Supervisor Janice Rutherford

**October 13, 2017 ♦ 9:00 a.m. ♦ Conference Room CC-8  
21865 Copley Drive, Diamond Bar, CA 91765**

### TELECONFERENCE LOCATIONS

11461 West Sunset Boulevard  
Brentwood Room 1  
Los Angeles, CA 90049

200 N Spring Street  
Room 410  
Los Angeles, CA 90012

One Gateway Plaza, 12th Floor  
Vanderbilt Conference Room  
Los Angeles, CA 90012

**(The public may attend at any location listed above.)**

*Call-in for listening purposes only is available by dialing:  
Toll Free: 866-244-8528*

*Listen Only Passcode: 5821432*

*In addition, a webcast is available for viewing and listening at:*

<http://www.aqmd.gov/home/library/webcasts>

## AGENDA

### CALL TO ORDER

### DISCUSSION ITEMS (Items 1 through 3):

1. Update and Discussion on Federal Legislative Issues  
(**No Motion Required**)

*Consultants will provide a brief oral report on Federal legislative activities in Washington, D.C.*

**[Attachment 1 - Written Reports]**

*Gary Hoitsma  
Carmen Group* pgs 4-5

*Amelia Jenkins  
Kaleb Froehlich  
Cassidy & Associates* pgs 6-8

*Mark Kadash  
Kadash & Associates, LLC* pgs 9-12

2. Update and Discussion on State Legislative Issues  
**(No Motion Required)**  
*Consultants will provide a brief oral report on State legislative activities in Sacramento.*  
**[Attachment 2 - Written Reports]**

Jason Gonsalves  
Paul Gonsalves  
Joe A. Gonsalves & Son pgs 13-16

Will Gonzalez  
Gonzalez, Quintana, Hunter &  
Cruz, LLC

3. Summary End-of-Year Report on State Legislature's and Governor's Actions on 2017 Legislation  
**(No Motion Required)**  
*Staff will provide an end-of-legislative-year update on the actions of the state legislature and Governor on SCAQMD sponsored bills and other key bills of interest.*

pgs 17-18  
Philip Crabbe  
Community Relations Manager  
Legislative, Public Affairs &  
Media

**ACTION ITEM (Item 4):**

4. Recommend Position on Legislation  
**(Motion Requested)**  
*This item is to seek approval from the committee on staff's recommendation for position on the following federal bill.*  
**[Attachment 3]**

<b><u>Bill#</u></b>	<b><u>Author</u></b>	<b><u>Bill Title</u></b>
H.R. 3682	Lowenthal	Blue Whales and Blue Skies Act

Marc Carrel pgs 19-26  
Program Supervisor  
Legislative, Public Affairs &  
Media

**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**  
*Members of the public may address this body concerning any agenda item before or during consideration of that item (Govt. Code Section 54954.3(a)). All agendas for regular meetings are posted at District Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of a regular meeting. At the end of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Legislative Committee's authority. Speakers may be limited to three (3) minutes each.*
7. **Next Meeting Date** - Thursday, November 9, 2017 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 prior to the meeting for public review at the South Coast Air Quality Management District, Public Information Center, 21865 Copley Drive, Diamond Bar, CA 91765.*

### **Americans with Disabilities Act**

*The agenda and documents in the agenda packet will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). Disability-related accommodations will also be made available to allow participation in the Legislative Committee meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please contact Jeanette Short at (909) 396-2942 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to [jshort1@aqmd.gov](mailto:jshort1@aqmd.gov).*



## MEMORANDUM

**To:** South Coast AQMD Legislative Committee

**From:** Carmen Group

**Date:** September 28, 2017

**Re:** Federal Update -- Executive Branch

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**New Developments on Infrastructure:** The President's still-unformed plan to provide major new funding for infrastructure remains on the Washington backburner. As September turns to October, the President's focus is moving from the Republicans' failure to pass health care to the Administration's new priority to address tax reform. At the same time, behind-the-scenes-maneuvering on infrastructure continues apace with the expectation that it will be the next big priority to emerge either later in the fall or early next year. The latest tea leaves suggest that the President and his team are rethinking how they want their new infrastructure plan to be financed and paid for, especially in the light of a more pointed effort and desire to find a realistic bipartisan approach on the subject, something that has been lacking so far in the health care and tax debates.

When an outline of the Administration's infrastructure principles was first released in May, the emphasis was top-heavy on deriving major financing through public-private partnerships, credit assistance and loan guarantees that would lure big private sector investment to help build roads, bridges, ports, water and other infrastructure projects in return for a share of the profits derived from tolls, fees or other charges associated with those projects. Thus, the Administration was saying that only \$200 billion in direct federal funding would need to be made available over 10 years with the rest of the infrastructure investment up to a trillion dollars being somehow leveraged with innovative financing of various kinds.

Meanwhile, Hill Democrats had counter-proposed that much as \$500 billion in federal dollars should go to highways and bridges alone. Since then, the White House has heard an earful in multiple meetings with state and local officials -- including both Democrats and Republicans -- arguing, based on experience, that the public-private-partnership innovative financing approach is no panacea, is not a substitute for real federal dollars, and is fraught with all kinds of uncertainties and limitations. As a result, the President and his team are now signaling in private conversations with key members of Congress that they understand that much more direct federal funding will be needed, either through new tax revenue or by taking on more debt. This shift in emphasis by the Administration is being seen as a major development, one that opens the door for constructive negotiations that could lure at least some Democratic support for what President hopes to do on infrastructure. The development also holds high significance for SCAQMD's

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advocacy efforts to secure a percentage of these infrastructure funds for clean air projects and priorities.

**USDOT Announces New TIGER Grant Availability:** In early September, the Department of Transportation announced that \$500 million was being made available for the latest round of discretionary grant funding through the TIGER program. Eligible projects include highway, bridge, transit, rail, port, and transportation research, demonstration and pilot projects in the \$5 million to \$25 million range. Primary selection criteria include safety, state of good repair, economic competitiveness, environmental sustainability and quality of life. Applications are due on October 16<sup>th</sup>.

**EPA Solicits Public Comment on Science Board Nominees:** In early September, the EPA identified 132 experts selected as nominees under consideration for appointment by the Administrator to the Agency's Science Advisory Board (SAB). The agency solicited public comment on the nominees, which comments were due by Sept. 28. The SAB is a scientific/technical advisory committee with the objective to provide independent advice and peer review on the scientific and technical aspects of environmental issues to the EPA's Administrator.

**White House Aide Reaches Out to Discuss California Waiver:** Reports surfaced in September that White House energy aide Mike Catanzaro had taken steps to begin negotiations with the auto industry and the state of California over the status of the State's waiver under the Clean Air Act to set fuel efficiency standards for cars in model years 2021 to 2025. Initial indications are that the waiver will not be revoked by the Trump Administration, though the issue remains unsettled.

### **Sub-Cabinet Appointments of Interest:**

- Environmental Protection Agency  
--**William L. Wehrum of Delaware to be Assistant Administrator of Air and Radiation.** Previously served as EPA Acting Assistant Administrator for Air and Radiation in the George W. Bush Administration.
- Department of Transportation  
--**Paul Trombino III of Wisconsin to be Administrator of the Federal Highway Administration.** Previously serve as Iowa DOT Director and as President of the American Association of State Highway and Transportation Officials (AASHTO) in 2016.  
  
--**Raymond Martinez of New Jersey to be Administrator of the Federal Motor Carrier Safety Administration.** Previously served Chairman and Chief Administrator of the New Jersey Motor Vehicle Commission and a Member of the New Jersey State Planning Commission.  
  
--**Diana Furchtgott-Roth of Maryland to be Assistant Secretary of Transportation, Research and Technology.** Previously served at the Manhattan Institute for Policy Research and as professor of economics at George Washington University.

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**To:** South Coast Air Quality Management District

**From:** Cassidy & Associates

**Date:** September 28, 2017

**Re:** Federal Update – U.S. House of Representatives

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### **Issues of Interest to SCAQMD**

#### **House Energy and Commerce Committee Update:**

House Energy and Commerce held a legislative hearing on September 13 called ‘Big Relief for Small Business: Legislation Reducing Regulatory Burdens on Small Manufacturers and Other Job Creators.’ The purpose of the hearing was to discuss several bills) that would roll back EPA emissions on targeted industries:

- [H.R. 1917, Blocking Regulatory Interference from Closing Kilns \(BRICK\) Act of 2017](#) – would temporarily exempt brick and clay manufacturing kilns from NESHAPs compliance.
- [H.R. 1119, Satisfying Energy Needs and Saving the Environment \(SENSE\) Act](#) – would modify the Cross-State Air Pollution Rule and Mercury and Air Toxics Standards to ease emission limits for hazardous air pollutants and Sox from coal facilities.
- [H.R. 453, Relief from New Source Performance Standards Act of 2017](#) – would delay compliance with NSPS for residential wood heaters, hydronic heaters and forced air furnaces to 2023.
- [H.R. 350, Recognizing the Protection of Motorsports \(RPM\) Act of 2017](#) – would amend the Clean Air Act to allow the modification of a vehicle’s air emission controls if the vehicle is used for racing competition.

Environment Subcommittee Ranking Member Tonko gathered submissions for the record from ACEEE, NACAA, and the Manufacturers of Emission Controls Association (MECA), in opposition to these bills.

#### **Tax Reform:**

The “unified framework” was meant to serve as a starting point for negotiations on a tax deal, which lawmakers hope to complete by the end of the year. The Committee for a Responsible Federal Budget estimated that the nine-page framework would equate to a \$2.2 trillion tax cut, with \$5.8 trillion lost to lower rates and other changes, and another \$3.6 trillion recouped by eliminating deductions.

The next step for congressional Republicans is to pass a budget resolution that would allow a tax bill to pass the Senate with a 51-vote majority. Senate bills often need 60 votes to overcome a filibuster, but the budget resolution would allow Republicans to use the process known as “reconciliation” to avoid that higher threshold.

Without Democratic support, Republicans would need near-universal backing from their own party to move a tax bill through Congress, especially in the Senate, where they hold a slim majority.

The Big Six tax plan that has been released, includes significant tax cuts and full expensing. The following is a general working framework:

- Reduce seven tax brackets to three brackets of 12%, 25% and 35%.
- Double the standard deduction to \$24,000 for married filers, and \$12,000 for individual filers
- Retain and simplify work, education and retirement tax benefits.
- Allow full expensing of capital investments made after Sept 27, 2017 for at least 5 years.
- Eliminate most itemized deductions, but keep the mortgage and charitable deductions.
- Repeal the Alternative Minimum Tax and estate tax.
- 25% tax on pass-through businesses.
- Eliminate many business deductions, but preserve credits promoting R&D and low-income housing.
- 20% corporate tax rate and eliminate corporate AMT
- Territorial tax system with 100% exemption for dividends from foreign subsidiaries; repatriate foreign earnings.
- Partially limit net interest deduction for C corporations
- Repeal many individual exemptions, deductions and credits but expand child tax credit.

The oil and gas industry are among the early fans of the Republican tax proposal released Wednesday. One principle in the plan, allowing companies to fully expense their spending, is of interest to the sector, which spends an average of \$232 billion a year in capital expenditures in the U.S.

Utility and renewables industries are withholding their verdicts for now. The Edison Electric Institute is concerned about the potential loss of the interest tax deduction. The Solar Energy Industries Association and the American Wind Energy Association both said they were still studying the proposal.

## **Budget**

The release of the unified tax reform framework in late September by the Trump Administration and Republican leaders is expected to provide momentum for consideration and hearings of a budget resolution in the House and Senate in the coming weeks and months.

The budget resolution is an important first step towards consideration of tax reform—because it is widely expected the budget resolution will contain reconciliation instructions that will enable Republicans to consider tax reform legislation under the reconciliation process—rather than the traditional legislative process. Budget reconciliation instructions as well as budget resolutions are “privileged vehicles” in the Senate and can be passed with a simple majority vote.

The expected momentum provided by the release of the unified tax reform framework could also provide an ancillary benefit for the appropriations process since the budget resolution specifies the general composition of the upcoming fiscal year appropriation bills. That is, the budget resolution includes functional budget categories which are then translated into allocations for the appropriations committee to begin its process. This is important because without a budget resolution the chances for a stalemate in the overall appropriations process (i.e. long-term or short-term continuing resolutions) will increase.

### **Comprehensive Energy Legislation**

We continue to monitor the Energy and Natural Resources Act of 2017, which is pending on the Senate floor. Energy advocates and many Senators are continuously looking for an opening to consider energy legislation on the Senate floor.

This legislation once again contains the Vehicle Innovation Act, which provides for \$250 million in authorized funding for the Department of Energy to fund vehicle technology advancement. Additionally, of importance to SCAQMD, is the inclusion of the DERA reauthorization language.

We would suggest that SCAQMD once again write a letter in support of these provisions and an expeditious process on this legislation.

### **Relevant Legislation Introduced:**

#### **Rep. Gabbard H.R. 3671: Off Fossil Fuels for a Better Future Act**

To justly transition away from fossil fuel sources of energy to 100 percent clean energy by 2035, and for other purposes.

This legislation eliminates tax giveaways to the fossil fuel industry, and provides support to transitioning workers who will be impacted by this generational change. Congresswoman Gabbard's OFF Act is currently supported by environmental advocates and original co-sponsors including Rep. Jamie Raskin (MD-08), Rep. Barbara Lee (CA-13), Rep. Nanette Barragán (CA-44), Rep. Ted Lieu (CA-33), Jan Schakowsky (IL-9), and Keith Ellison (MN-05) and has been endorsed by over 100 clean energy, climate change, and environmental justice organizations.



## KADESH & ASSOCIATES, LLC

### MEMORANDUM

To: South Coast AQMD Legislative Committee  
From: Kadesh & Associates  
Date: September 30, 2017  
Re: Federal Legislative Update – October 2017 Legislative Committee

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#### **Overview of House Actions in September**

The House was in session for three weeks in September and the Senate for four. The House has combined its remaining eight bills under the Interior Appropriations bill – H.R.3354 – and passed that Omnibus package, including four other appropriations bills previously passed in July.

If passed and signed into law, the House Interior bill, H.R.3354, acting as the vehicle for the Omnibus contains on p. 58 (at <https://appropriations.house.gov/uploadedfiles/23918.pdf>) the following requirement for EPA: “Administrator Priorities.—EPA is directed to submit a report within 90 days of enactment of this Act that identifies how any fiscal year 2016 and 2017 funding was used, by account, program area, and program project. Each activity funded should include a justification for the effort and any anticipated results.” This provision will present a challenge and an opportunity for each of the programs SCAQMD cares most about within the EPA: DERA; TAS grants; and Section 103/105 funds.

Also passed were a Continuing Resolution through December 8, 2017 and a Debt Ceiling extension through the same date. Final attempts in the Senate to pass a repeal/replace of Obamacare failed to be brought to the Senate floor for a vote, thereby missing the September 30 deadline to use a pending FY17 Reconciliation opportunity which has now expired.

#### **Continuing Resolution and Debt Ceiling**

In September, Congress returned following the August recess and immediately passed a supplemental appropriations bill to cover the federal costs associated with hurricanes Harvey and Irma. This bill contained a continuing resolution to fund the government through December 8. This bill also extended the debt ceiling until December 8 and recent reports suggest that, through this action, the debt ceiling will not be reached until early next year. Combined, these actions suggest December will be a very busy month in Congress. The House passed and consolidated its FY18 appropriations bills into one package. The Senate Appropriations Committee continues marking up its bills, but still has no plans to consider appropriations bills on the floor. The House Omnibus included: \$75 million for DERA; \$40 million for Targeted Airshed Grants.

#### **Budget and Tax Cuts**

Additionally, in September both the House and Senate unveiled draft FY18 budget resolutions. The budget process will be used as the vehicle to address tax cuts proposed by the White House. Reconciliation instructions are the actual vehicle for tax cuts and following this process means the bill cannot be filibustered in the Senate. The appropriations and tax cuts discussions are ongoing and we will keep staff apprised of new developments.

On October 4 and 5, the Senate Budget Committee plans to markup the FY18 budget resolution that Republicans intend to use to push through \$1.5 trillion in tax cuts in coming months. Floor votes are planned later in October and a conference to resolve differences with the House after that. Once in place, the budget resolution would allow Republicans to bring up a tax-cut bill that would increase deficits by as much as \$1.5 trillion, compared with a CBO baseline.

The Senate budget proposal also would use a fast-track process to open up drilling in Arctic National Wildlife Refuge, but doesn't contain language to aid a full repeal of Obamacare after the failure of several efforts made by Republicans this year. The Senate Budget, authored by Senate Budget Chairman Mike Enzi, forecasts a balance in nine years through \$5 trillion in largely unspecified spending cuts. Unlike the House budget proposed in July, Enzi's blueprint doesn't call for cuts to Medicaid or a partial privatization of Medicare.

Meanwhile, in the House, H. Con. Res. 71, the FY 2018 Budget Resolution was approved by the House Budget Committee. Other major proposals, such as rolling back parts of the Dodd-Frank financial law, could also be included. However, lawmakers said repealing the Affordable Care Act -- the focus of the fiscal 2017 reconciliation effort -- probably won't be revisited until the fiscal 2019 budget process. In fiscal 2018, the measure would permit \$1.13 trillion in discretionary spending. The House Appropriations Committee used the same total when it set its 302(b) allocations, which limit spending in the 12 regular appropriations bills. The House passed a 12-bill omnibus appropriations measure (H.R. 3354) on Sept. 14.

- *EPA*: The House budget calls for reducing the Environmental Protection Agency's budget, including eliminating its Office of Regulatory Policy and Management.
- *SANCTUARY CITIES*: The House Budget says that law enforcement grants and other federal funds could be withheld from cities with policies to shield undocumented immigrants from federal officials, and that the House could act on bills (H.R. 83, H.R. 3003) that would do so.
- *TRANSPORTATION*: The measure includes a reserve fund for legislation that would privatize air traffic control, as proposed in H.R. 2997, as well as for investments in national infrastructure that's deficit neutral from fiscal 2018 through 2027. It assumes the reduction of federal subsidies for Amtrak, a prohibition on funding for high-speed rail, a phase out of the capital investment grants -- or New Starts -- of the Federal Transit Administration, and the elimination of the Transportation Investment Generating Economic Recovery (TIGER) grant program.

The House Budget Committee approved a draft version of the resolution by a 22-14 vote along party lines on July 19. Chairman Diane Black (R-Tenn.) formally introduced it July 21. House Majority Leader Kevin McCarthy (R-Calif.) said the House would consider the budget plan the week of Oct. 2. A simple majority would be required for adoption. During debate on a budget resolution, the House typically considers alternatives from the minority party and groups such as the Republican Study Committee and the Congressional Progressive Caucus. As a concurrent resolution, budget resolutions aren't sent to the president for signature, but are binding on the House and Senate as they consider legislation.

## **DERA Reauthorization Bills in the House and Senate**

### ***H.R. 3107***

Official Short Title: Diesel Emissions Reduction Act of 2017

Official Title: To reauthorize the diesel emissions reduction program.

Sponsored by Rep. Ted Poe (R-TX-2)

Referred to the Subcommittee on Environment of the House Energy and Commerce Committee.

Cosponsors (10) - 5 Democrats and 5 Republicans:

Cosponsor	Date of Sponsorship
Rep. Ken Calvert (R-CA-42)	09/27/2017
Rep. Jerry McNerney (D-CA-9)	08/15/2017
Rep. Robert Wittman (R-VA-1)	07/25/2017
Rep. Jim Costa (D-CA-16)	07/11/2017
Rep. Billy Long (R-MO-7)	07/11/2017
Rep. Alan Lowenthal (D-CA-47)	06/29/2017
Rep. Luke Messer (R-IN-6)	06/29/2017
Rep. Nanette Barragan (D-CA-44)	06/29/2017
Rep. Tom Reed (R-NY-23)	06/29/2017
Rep. Doris Matsui (D-CA-6)	06/29/2017

### ***S. 1447***

Official Short Title: Diesel Emissions Reduction Act of 2017

Official Title: A bill to reauthorize the diesel emissions reduction program, and for other purposes.

Sponsored by Sen. Thomas Carper (D-DE)

Senate Environment and Public Works approved it on a Voice Vote on 07/12/2017. Placed on Senate Legislative Calendar under General Orders on 09/13/2017.

Cosponsors (3) – 1 Democrat and 2 Republicans

Cosponsor	Date of Sponsorship
Sen. Sheldon Whitehouse (D-RI)	06/27/2017
Sen. John Barrasso (R-WY)	06/27/2017
Sen. James Inhofe (R-OK)	06/27/2017

### **Infrastructure Outlook**

Previously, we reported that the Senate EPW Republicans might release their own package of ideas in early September and hold a hearing on September 20. This did not occur and has not been publicly rescheduled. Meanwhile, on September 29, 2017 the Democratic members of the EPW Committee requested a meeting with Elaine Chao, Secretary of the Department of Transportation (DOT), so that she can share details regarding the Trump Administration's long-awaited infrastructure investment plan.

At a hearing before the EPW Committee in May, Secretary Chao had stated that the Administration's infrastructure principles would be released at the end of May and would be followed by a legislative proposal in the third quarter of 2017. In a letter led by Ranking Member Tom Carper (D-Del.), the lawmakers wrote,

“[President Trump’s] message was one that resonated with the American voters, just as it appealed to us as members of Congress, eager to lay the foundation for investments that would create jobs, improve our economy, and enhance the quality of life in communities throughout the country. Senate Democrats have put forward our own ‘Blueprint to Rebuild America’s Infrastructure,’ which would invest \$1 trillion in our nation’s infrastructure, creating over 15 million American jobs. We stand ready to work with our Republican colleagues on a significant infrastructure effort such as the one we have proposed. We request that you and any other appropriate Administration officials meet with us to share the Administration’s long-awaited infrastructure plan. Following quickly thereafter, we would hope that you will be able to formally transmit the Administration’s plan to Congress so that we may understand the Administration’s priorities as we get to work on developing a comprehensive infrastructure investment package.”

Senator Carper was joined by Senators Ben Cardin (D-Md.), Bernard Sanders (I-Vt.), Sheldon Whitehouse (D-R.I.), Jeff Merkley (D-Ore.), Kirsten Gillibrand (D-N.Y.), Cory Booker (D-N.J.), Edward J. Markey (D-Mass.), Tammy Duckworth (D-Ill.) and Kamala Harris (D-Calif.).

#### **House Transportation Committee to Hold Two Subcommittee Hearings on Infrastructure**

The Committee on Transportation and Infrastructure will hold two subcommittee hearings to gather stakeholder perspectives that will assist the Committee on developing proposals focused on building a 21st century infrastructure for America.

The Subcommittee on Coast Guard will hold a hearing focused on the gathering of stakeholder perspectives on America’s maritime infrastructure and capacity needs. The hearing of the Subcommittee on Coast Guard and Maritime Transportation, chaired by U.S. **Rep. Duncan Hunter (R-CA)**, is entitled, "Building a 21st Century Infrastructure for America: Coast Guard Stakeholders’ Perspectives and Jones Act Fleet Capabilities.”

The Subcommittee on Railroads, Pipelines, and Hazardous Materials will hold a hearing to gather stakeholder perspectives from the railroad industry, suppliers and labor on rail infrastructure investment. The hearing of the Subcommittee on Railroads, Pipelines, and Hazardous Materials, chaired by U.S. **Rep. Jeff Denham (R-CA)**, is entitled, “Building a 21st Century Infrastructure for America: Rail Stakeholders' Perspectives.”

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**Joe A. Gonsalves & Son**

**Anthony D. Gonsalves**

**Jason A. Gonsalves**

**Paul A. Gonsalves**

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**TO:** SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

**FROM:** ANTHONY, JASON, AND PAUL GONSALVES

**SUBJECT:** SEPTEMBER LEGISLATIVE UPDATE

**DATE:** THURSDAY, SEPTEMBER 29, 2017

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As you know, the Legislature adjourned on September 15, 2017 and will be on recess until January 3, 2018. This year, the Legislature introduced 2,980 bills (998 Senate bills and 1928 Assembly bills) and sent 1307 to the Governor for his consideration. The Governor has until October 15, 2017 to take action on all 2980 bills. The remaining 1673 bills are now 2-year bills and will be heard during the 2018 legislative session.

The following will provide you of issues of interest to the District:

- Cap-and-Trade/GGRF
- AB 109 and AB 134
- Legislation

**CAP-AND-TRADE/GGRF**

Before the Legislature adjourned for summer recess on July 21, 2017, Legislators passed and the Governor signed into law AB 617 and AB 398. AB 617 implements an air pollution monitoring program while AB 398 extends cap-and-trade to 2030. Meanwhile, the California Air Resources Board held their August Cap-and-trade auction, which generated \$935 million for the State.

In addition, the legislature was able to adopt and the Governor signed a Cap and Trade spending plan that allocated \$1.5 billion. The two-bill package, AB 109 and AB 134, appropriate the funds as follows:

## **AB 109**

Appropriates the Greenhouse Gas Reduction Fund (GGRF) as follows:

- \$200 million for healthy forests and fire prevention in the SRA
- \$25 million for fire prevention grants to localities in High Risk Fire Areas
- \$99 million for methane reduction programs
- \$60 million for energy efficiency funding for agricultural entities
- \$6 million for renewable energy projects related to agriculture
- \$40 million for waste diversion and recycling infrastructure
- \$10 million for the Transformative Climate Communities program
- \$26 million for urban greening
- \$20 million for urban forestry
- \$18 million for low income weatherization
- \$15 million for wetland restoration
- \$26 million for adaptations activities
- \$11 million for competitive grants for research related to climate change, clean energy, and adaptation
- \$80 million to backfill SRA funds for fire protection in local areas.
- \$11 million to CARB for AB 617 implementation.

Appropriates \$78.3 million of other special funds for activities related to the 2017 Greenhouse Gas Expenditure Plan, including:

- \$50 million for agricultural diesel replacement and upgrades, of which \$35 million is from the Alternative and Renewable Fuels and Vehicle Technology Fund and \$15 million is from Air Quality Improvement Fund
- \$28.3 million for implementation costs, including \$27 million of Air Pollution Control fund for local efforts to implement AB 617 (Cristina Garcia), and \$1.3 million from the Cost of Implementation Fund for the implementation of AB 398 (Eduardo Garcia) with 25 percent for advanced pay.

## **AB 134**

Appropriates \$900 million from the GGRF to the California Air Resources Board for an array of programs including:

- \$250 million for Carl Moyer program funding for the South Coast, San Joaquin Valley, and Bay Area Air Quality management districts
- \$180 million for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program, of which at least \$35 million is allocated for zero-emission buses.
- \$140 million for the Clean Vehicle Rebate Program for rebates for light-duty vehicles
- \$140 million for equipment and improvements at ports, including for projects for ships at birth
- \$100 million for Enhanced Fleet Modernization Program and light duty equity pilot projects
- \$85 million for agriculture equipment and tractor replacement
- \$5 million for technical assistance for environmental justice communities.

## **LEGISLATION**

### **AB 1073 (E. Garcia)**

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects. Existing law requires the state board, when funding a specified class of projects, to allocate, until January 1, 2018, no less than 20% of that available funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill extends until January 1, 2020, the requirement that the ARB dedicate 20% of California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program to support early commercial deployment of existing zero- and near-zero-emission heavy-duty trucks.

This bill was passed off the assembly floor on September 11, 2017 with a 78-0 vote. The bill is now in front of the Governor for his consideration. The Governor has until October 15, 2017 to take action.

### **AB 1082 (Burke)**

This bill authorizes an electrical corporation to file with the California Public Utilities Commission (CPUC) a pilot program proposal for the installation of electric charging stations at school facilities and other educational institutions.

This bill was passed off the assembly floor on September 13, 2017 with a 57-21 vote. The bill is now in front of the Governor for his consideration. The Governor has until October 15, 2017 to take action.

### **AB 1083 (Burke)**

This bill authorizes an electrical corporation to file with the CPUC a pilot program proposal for the installation of electric charging stations at state parks and beaches.

This bill was passed off the assembly floor on September 14, 2017 with a 55-22 vote. The bill is now in front of the Governor for his consideration. The Governor has until October 15, 2017 to take action.

### **AB 1646 (Muratsuchi)**

This bill requires an implementing agency to develop an integrated alerting and notification system, in coordination with local emergency management agencies, unified program agencies, local first response agencies, and the public, to be used to notify the community surrounding a petroleum refinery in the event of an incident at the refinery.

This bill was passed off the assembly floor on September 11, 2017 with a 55-18 vote. The bill is now in front of the Governor for his consideration. The Governor has until October 15, 2017 to take action.

### **AB 1647 (Muratsuchi)**

This bill is the companion bill to AB 1646. This bill requires community and fence-line air monitoring systems at and near each petroleum refinery.

This bill was passed off the assembly floor on September 13, 2017 with a 57-19 vote. The bill is now in front of the Governor for his consideration. The Governor has until October 15, 2017 to take action.

###





SCAQMD Report  
Gonzalez, Quintana, Hunter & Cruz, LLC  
October 13, 2017 Legislative Committee Hearing

### **General Update**

Early in the final week of session, the Governor honored his promise to release GGRF funds for use on various air-pollution-related programs. With Senate and Assembly leadership support two budget bill juniors were passed that provided funding for existing programs such as the Carl Moyer Air Quality Standards Attainment Program and the Clean Vehicle Rebate Project as well as funding for the recently enacted AB 617 and AB 398 cap and trade bills.

### **Sponsored Legislation**

#### **AB 1274 (O'Donnell) Carl Moyer Memorial Air Quality Standards Attainment Program. Smog Abatement Fee.**

Would, except as provided, exempt motor vehicles that are 8 or less model-years old from being inspected biennially upon renewal of registration. The bill would assess an annual smog abatement fee of \$25 on motor vehicles that are 7 or 8 model-years old. The bill would require the fee be deposited into the Air Pollution Control Fund and be available for expenditure, upon appropriation by the Legislature, to fund the Carl Moyer Memorial Air Quality Standards Attainment Program. \$4.00 of the fee will be directed to BAR to support the smog abatement program.

### **Recent Amendments**

The final amendments to the bill increased the annual fee to \$25 per year from the previous \$24. This additional dollar was added to the \$3 that was being directed to BAR, bringing the total amount to \$4 per year to be sent to BAR to support the smog abatement program.

Additionally, the final amendments added an urgency clause and one year delayed implementation to allow DMV time to reprogram their systems. Because bills with urgency clauses go into effect immediately, the DMV will have approximately 2-1/2 months in addition to the year of 2018 to implement the new fees and smog requirements.

### **Status Update**

AB 1274 was presented to the Governor on 9/21/17 at 3:30pm. He has until 2:34am on 10/16/17 to sign or veto the bill. Although highly unlikely, if the Governor takes no action, the bill will be enacted without signature.

### **SB 100 (de León) & SB 49 (de León)**

In the closing weeks of session we were monitoring a number of bills, in particular SB 100 (de León) and SB 49 (de León). Both of these bills did not move this year because of a three-way gridlock in negotiations between the Governor, the Pro tem, and the Speaker. Considering that the 72 hour rule did not allow for amendments in the final three days of session, the legislative topics above were held for possible action to be taken in January. As a result, the January 2018 session could begin with a sprint right out of the gate.

The package of bills being negotiated included the following topics and issues:

- CAISO regional expansion
- SB 100 & SB 49
- Accelerated procurement for tax advantaged solar/wind
- RPS carve out for baseload renewable resources
- Prohibition on third-party ownership of Distributed Energy Resources relied upon to defer IOU distribution investments
- Centralized procurement of large pumped hydro generation (w/preference for IOU ownership)
- Other elements TBD

### **Other Bills of Note**

AB 1184 (Ting) sought to replace CVRP and other programs, while substantially increasing the annual funding. The bill too large and substantial to be ironed out at the end of session, remained on the Senate Floor. It is likely they will try to work on the bill in greater detail next year.

AB 615 (Cooper) extended the low income provisions for CVRP - including the \$500 kicker for low-income individuals and the income caps. The sunset for this provision was extended through January 1, 2019, so the legislature will revisit the issue again next year. The bill is currently awaiting the Governor's signature.

AB 193 (Cervantes) would have created a CVRP for used EVs. It got further along the process than Asm. Perea's original version of the bill, but did not come up for a vote on the Senate Floor after no money was allocated for the new program in the GGRF spending plan.

AB 544 (Bloom) passed both houses and was sent to the Governor. It will extend the sticker programs that allow EVs to use the carpool lanes. However, it states that a purchaser may only get either the sticker or the CVRP rebate, but not both.

## **HR 3682 (Lowenthal (D-CA))** **Blue Whales and Blue Skies Act**

**Summary:** This bill would create the Blue Whales and Blue Skies Program, which would reduce air pollution, harmful underwater acoustic impacts and the risk of fatal vessel whale strikes.

**Background:** In May 2001, a voluntary Vessel Speed Reduction (VSR) Program was established alongside the signing of a Memorandum of Understanding (MOU) between the Ports of Los Angeles and Long Beach (POLA/POLB), SCAQMD, California Air Resources Board (CARB), the United States Environmental Protection Agency – Region 9, the Pacific Merchants Shipping Association and the Marine Exchange of Southern California was signed. The MOU specifically requested ocean-going vessels to voluntarily reduce their speed to 12 knots at a distance of 20 nautical miles from POLA/POLB, which would significantly reduce nitrogen oxide (NOx) emissions.

In 2014, the successful VSR trial incentive program in the Santa Barbara Channel gave companies a financial incentive to cut ship speeds to 12 knots or less. The program incentivized 27 slow-speed trips, reducing 12.4 tons of smog-forming NOx emissions, and 500 metric tons of greenhouse gas (GHG) emissions. In 2016, the second VSR program incentivized 50 slow-speed vessel transits, reducing 25.6 tons of NOx and 1,000 metric tons of GHGs.

The 2017 VSR incentive program started July 1 and will continue until November 15. Eleven shipping companies are participating, and the program has expanded to include shipping lanes in and out of the San Francisco Bay area, which is not currently a part of the Blue Whales & Blue Skies Act.

Ships also threaten blue, humpback and fin whales. Each year, over 80 endangered whales die off of the Pacific coast after being struck by cargo vessels. The vast majority of these fatal collisions occurred along just 10 percent of the Pacific coast, namely in the heavily-trafficked shipping lanes off the coast of San Francisco and Los Angeles.

Slowing ship speeds to 12 knots or less reduces not only air emissions, but also the risk of fatal ship strikes on whales. Speed reductions on the Atlantic coast have boosted the population counts of endangered right whales.

**Status:** 09/07/2017 - Referred to the Subcommittee on Coast Guard and Maritime Transportation.

**Specific Provisions:** This bill would require:

1. The Director of the Office of National Marine Sanctuaries of the National Oceanic and Atmospheric Administration, in consultation with the Commandant of the Coast Guard, to establish the Blue Whales and Blue Skies Program.
2. The Blue Whales and Blue Skies Excellence Awards to be awarded annually for verified successful participation in, and compliance with, the program by eligible vessels. Eligible vessels would, at a minimum, transit the Greater Santa Barbara Channel Region at speeds of 12 knots or lower, or at a lower maximum speed as provided in guidance established under

the program; and participate in the Port of Los Angeles or Port of Long Beach vessel speed reduction program, respectively, if the vessel calls at that port in the transit for which the award is considered.

3. The Director to, no later than four years after the date of the enactment of the Program, consider the feasibility of extending the program to encompass all shipping channels along the U.S. Pacific coast between Canada and Mexico; and report findings and recommendations to the Committee on Transportation and Infrastructure and the Committee on Natural Resources of the House of Representatives, and to the Committee on Commerce, Science, and Transportation of the Senate.

**Impacts on SCAQMD’s Mission, Operations or Initiatives:** This bill is in line with SCAQMD’s goals in protecting public health and reducing NOx emissions.

According to a study conducted by the University of California, Irvine, ocean-going vessels are estimated to account for approximately 25% of the NOx emissions within the South Coast Air Basin by 2020.

The twin ports of Los Angeles and Long Beach are the largest in the nation as well as the single largest fixed source of air pollution in Southern California. Collectively, sources at the port are responsible for more than 100 tons per day of smog- and particulate-forming nitrogen oxides – more than the daily emissions from all 6 million cars in the region. In addition, the California Air Resources Board estimates that port air pollution creates cancer risks exceeding 500 in 1 million for tens of thousands of residents.

If the program were to be extended to encompass all shipping channels along the U.S. Pacific coast between Canada and Mexico in four years, as outlined in the bill, it would help reduce NOx emissions within the South Coast region and help SCAQMD meet attainment goals while protecting public health.

**Recommended Position: SUPPORT**

115TH CONGRESS  
1ST SESSION

# H. R. 3682

To direct the Director of the Office of National Marine Sanctuaries of the National Oceanic and Atmospheric Administration to create a Blue Whales and Blue Skies Program to reduce air pollution and harmful underwater acoustic impacts and the risk of fatal vessel whale strikes by recognizing voluntary reductions in the speed of vessels transiting the Greater Santa Barbara Channel Region, California, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 6, 2017

Mr. LOWENTHAL (for himself, Ms. BROWNLEY of California, Mr. CARBAJAL, and Mr. KHANNA) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To direct the Director of the Office of National Marine Sanctuaries of the National Oceanic and Atmospheric Administration to create a Blue Whales and Blue Skies Program to reduce air pollution and harmful underwater acoustic impacts and the risk of fatal vessel whale strikes by recognizing voluntary reductions in the speed of vessels transiting the Greater Santa Barbara Channel Region, California, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Blue Whales and Blue  
3 Skies Act”.

4 **SEC. 2. BLUE WHALES AND BLUE SKIES PROGRAM.**

5 (a) IN GENERAL.—Not later than 12 months after  
6 the date of the enactment of this Act, the Director of the  
7 Office of National Marine Sanctuaries of the National  
8 Oceanic and Atmospheric Administration, in consultation  
9 with the Commandant of the Coast Guard, shall establish  
10 the Blue Whales and Blue Skies Program, to—

11 (1) reduce air pollution and harmful under-  
12 water acoustic impacts and the risk of fatal whale  
13 strikes by encouraging voluntary reduction in the  
14 speed of eligible vessels transiting the Greater Santa  
15 Barbara Channel Region; and

16 (2) annually award Blue Whales and Blue Skies  
17 Excellence Awards for verified successful participa-  
18 tion in, and compliance with, the program by eligible  
19 vessels.

20 (b) PROGRAM REQUIREMENTS.—The Director  
21 shall—

22 (1) model the program after the pilot Vessel  
23 Speed Reduction Program administered by the  
24 Santa Barbara County Air Pollution Control Dis-  
25 trict, the Ventura County Air Pollution Control Dis-  
26 trict, the Channel Islands National Marine Sanc-

1 tuary, the Environmental Defense Center (a non-  
2 profit corporation established under the laws of the  
3 State of California as in effect on the date of the en-  
4 actment of this Act), and the National Marine Sanc-  
5 tuary Foundation, except the Director may not pro-  
6 vide a financial incentive for participation in the pro-  
7 gram; and

8 (2) develop the program in consultation with  
9 the entities referred to in paragraph (1).

10 (c) ANNUAL AWARDS.—

11 (1) IN GENERAL.—Under the program, the Di-  
12 rector shall annually award Blue Whales and Blue  
13 Skies Excellence Awards to owners of eligible vessels  
14 that have complied with the program during the pre-  
15 ceding year.

16 (2) AWARD CONDITIONS.—As a condition of an  
17 award under this subsection, the Director shall re-  
18 quire, at a minimum, that each eligible vessel of the  
19 awardee—

20 (A) transit the Greater Santa Barbara  
21 Channel Region at speeds of 12 knots or lower,  
22 or at a lower maximum speed as provided in  
23 guidance established under the program; and

24 (B) participate in the Port of Los Angeles  
25 or Port of Long Beach vessel speed reduction

1 program, respectively, if the vessel calls at that  
2 port in the transit for which the award is con-  
3 sidered.

4 (d) OFFICIAL SEAL.—The Director shall create an  
5 official seal to be recognized as the symbol of excellence  
6 in compliance with the program, that—

7 (1) may be used by shipping companies with eli-  
8 gible vessels for which a Blue Whales and Blue  
9 Skies Excellence Award is awarded under this sec-  
10 tion;

11 (2) includes the name of the shipping company;

12 (3) includes the year for which such award was  
13 made; and

14 (4) includes the percentage of transits through  
15 the Greater Santa Barbara Channel Region by eligi-  
16 ble vessels of the shipping company in such year  
17 that were in compliance with the program, cal-  
18 culated as—

19 (A) the number of such transits, divided by

20 (B) the total number of transits through  
21 the Greater Santa Barbara Channel Region by  
22 all vessels of the shipping company in such  
23 year, excluding transits directed by the Coast  
24 Guard to proceed in excess of the speed require-  
25 ments of the program.



1 (e) EXTENSION OF PROGRAM.—No later than 4 years  
2 after the date of the enactment of this Act, the Director  
3 shall—

4 (1) consider the feasibility of extending the pro-  
5 gram to encompass all shipping channels along the  
6 United States Pacific coast between Canada and  
7 Mexico; and

8 (2) report the findings and recommendations  
9 under paragraph (1) to the Committee on Transpor-  
10 tation and Infrastructure and the Committee on  
11 Natural Resources of the House of Representatives,  
12 and to the Committee on Commerce, Science, and  
13 Transportation of the Senate.

14 (f) LIMITATIONS.—Nothing in this section shall be  
15 construed—

16 (1) to require participation in the program;

17 (2) to authorize appropriations for, or the pro-  
18 vision of, any financial incentive for participation in  
19 the program; or

20 (3) to authorize any action that affects naviga-  
21 tion safety.

22 (g) DEFINITIONS.—In this section:

23 (1) ELIGIBLE VESSEL.—The term “eligible ves-  
24 sel” means a vessel that has been approved by the  
25 Director to participate in the program.

1           (2) PROGRAM.—The term “program” means  
2 the Blue Whales and Blue Skies Program estab-  
3 lished under this section.

4           (3) GREATER SANTA BARBARA CHANNEL RE-  
5 GION.—The term “Greater Santa Barbara Channel  
6 Region”—

7           (A) means such portion of the geographic  
8 zone used by vessels transporting goods to tran-  
9 sit the area surrounding the Channel Islands,  
10 including the Santa Barbara Channel, Cali-  
11 fornia, as is designated by the Director for pur-  
12 poses of this section; and

13           (B) includes, at a minimum, the geo-  
14 graphic area identified in the pilot Vessel Speed  
15 Reduction Program referred to in subsection  
16 (b)(1).

○