

BOARD MEETING DATE: September 7, 2018

AGENDA NO. 22

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, July 13, 2018. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
Proposed Sales Tax Increase Legislative Concept for Approval	SPONSOR IN CONCEPT

RECOMMENDED ACTION:

Receive and file this report, and approve agenda items as specified in this letter.

Judith Mitchell, Chair
Legislative Committee

DJA:PFC:MJK:jns

Committee Members

Present: Mayor Pro Tem Judith Mitchell/Chair, Dr. William A. Burke (videoconference) and Dr. Clark E. Parker, Sr. (videoconference)

Absent: Council Member Joe Buscaino/Vice Chair, Supervisor Shawn Nelson, and Supervisor Janice Rutherford

Call to Order

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

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues

SCAQMD's federal legislative consultants (Kadesh & Associates, Carmen Group, and Cassidy & Associates) each provided a written report on various key Washington, D.C. issues.

Mr. Chris Kierig, federal legislative consultant, provided a brief update on SCAQMD's recent meetings in Washington, D.C. Mr. Kierig gave an update on the U.S. House Interior Appropriations Subcommittee bill, which funds the U.S. EPA, Diesel Emission Reductions Act (DERA) Program, and Targeted Airshed

Grant Program. This bill is scheduled to be heard on the House floor next week. If the House passes this bill, then the Senate is considering packaging this interior appropriations bill with three other appropriations bills to create a mini omnibus funding bill.

Mayor Pro Tem Mitchell noted a recent announcement that California has met its greenhouse gas emission reduction goals about two years early, and that U.S. Senator Dianne Feinstein showed great interest in this news.

Mr. Gary Hoitsma, federal legislative consultant, also reported on SCAQMD's recent meetings in D.C. He informed the Committee that Andrew Wheeler is the U.S. EPA's new Acting Administrator and that Mr. Wheeler appointed Henry Darwin to be the new Acting Deputy Administrator.

Mr. Hoitsma also stated that the Federal Highway Administration released its conditions and performance report on highway freight transportation. The report indicates that truck traffic is at record high levels now and will increase in the future.

In response to an inquiry from Mayor Pro Tem Mitchell regarding Andrew Wheeler, Mr. Hoitsma stated that there is a good likelihood that Andrew Wheeler will ultimately be President Trump's appointment for U.S. EPA Administrator.

Mr. Wayne Nastri, Executive Officer, responded to an additional inquiry from Mayor Pro Tem Mitchell by stating that no Senate confirmation is needed for the Acting Administrator appointment and that Andrew Wheeler can hold that position for up to 210 days.

Ms. Amelia Jenkins, federal legislative consultant, gave an update on the glider kit issue and stated that a scientific study on glider kits, conducted by Tennessee Tech, is now the subject of scrutiny. Ms. Jenkins stated that seven members on the U.S. House Science Committee, led by Congressman Lamar Smith of Texas, sent a letter to the U.S. EPA raising concerns with the study.

2. Update on State Legislative Issues

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son, The Quintana Cruz Company, and California Advisors, LLC) provided written reports on key issues in Sacramento.

Mr. Jason Gonsalves, state legislative consultant, reported that the state Legislature is on summer recess until August 6 and that August 31 would be the final adjournment date for the current legislative session.

Ms. Roxana Bekemohammadi, state legislative consultant, reported that June 29 was the deadline for fiscal bills to be heard in policy committee and that July 6 was the deadline for nonfiscal bills to be heard in policy committee. Ms. Bekemohammadi also gave an update on various bills of interest to SCAQMD:

- AB 2506 (Burke), relating to the transition of state fleets to cleaner fuels, did not make it out of the Assembly Appropriations Committee in May;
- AB 2091 (Grayson), which is an omnibus bill relating to controlled burn management, made it through the Senate Committee on Natural Resources and Water on June 26 and will be heard in the Senate Appropriations Committee on August 6;
- AB 327 (Gipson) is sponsored by SCAQMD, and relates to transitioning public fleets within the South Coast region to cleaner fuels, made it through the Senate Environmental Quality Committee. However, the bill faced opposition from various stakeholders and was held without recommendation in the Senate Transportation and Housing Committee and thus failed passage; and
- SB 1260 (Jackson), which is also an omnibus bill relating to controlled burn management, passed out of its policy committee on June 27 and will be heard in Assembly Appropriations Committee when the Legislature reconvenes in August.

Mr. Jacob Moss, state legislative consultant, reported that it was a successful year with regard to obtaining Greenhouse Gas Reduction Fund monies.

ACTION ITEM:

3. Proposed Sales Tax Increase Legislative Concept for Approval

Mr. Philip Crabbe, Community Relations Manager, presented a draft legislative proposal to authorize a potential local sales tax increase ballot measure in the South Coast Air District.

As outlined in the 2016 AQMP, substantial and sustainable funding is needed in order to improve air quality in the South Coast Air Basin, to reduce public health risks and meet federal requirements. The proposed bill would seek authorization from the Legislature to put a quarter-cent sales tax increase proposal on the ballot for voter approval within the South Coast Air District.

The key focus of this proposal would be to help raise the needed funds, over a \$1 billion per year over the next 13 years, to support the 2016 AQMP, and facilitate the significant reduction of air pollution in the South Coast.

Mr. Crabbe also noted that the bill would not directly create a ballot measure. Instead, it would only be an authorization bill to allow either South Coast Board action or the voter-driven initiative process to put this proposal on the ballot and therefore, would likely be a majority vote bill in the Legislature.

Staff has been given estimates that this proposal could generate up to \$700 million per year for air pollution reduction within the South Coast.

Mr. Crabbe stated that a large portion of this funding would go to providing critically needed incentives to promote the development and deployment of clean technology, and accelerate fleet turnover from dirty, heavy-duty diesel trucks and other vehicles and equipment, to cleaner alternatives. This funding is needed to meet upcoming federal air quality deadlines, beginning in 2023, and to protect public health. The goal would be for this proposal to go on the ballot in 2020.

A public opinion poll commissioned by SCAQMD and conducted earlier this year found that residents were generally supportive of the use of incentives to help fund the transition to cleaner vehicles. This proposal would give voters the opportunity to decide, through the ballot process, if this proposed revenue-generating mechanism is an option that they would want to pursue to help achieve clean air.

Other air districts have expressed interest in this proposal and may co-sponsor this bill, if approved. Mr. Crabbe commented that, if approved, staff would keep the Committee updated regarding bill language and legislative developments regarding the proposal.

Ms. Barbara Baird, Chief Deputy Counsel, stated that this bill proposal, if approved by the Legislature and if a ballot proposition is enacted, could help SCAQMD meet U.S. EPA requirements regarding potential contingency measures due in 2020 and thus possibly help the region avoid sanctions.

Staff recommended a position of SPONSOR IN CONCEPT on this item.

Moved by Burke; seconded by Parker; unanimously approved.

Ayes: Burke, Mitchell, Parker

Noes: None

Abstain: None

Absent: Buscaino, Nelson, Rutherford

OTHER MATTERS:

4. Other Business

There was no other business.

5. Public Comment Period

There were no public comments.

6. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, September 14, 2018 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:32 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Proposed Sales Tax Increase Legislative Concept for Approval

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – July 13, 2018

Dr. William A. Burke (videoconference).....	SCAQMD Board Member
Mayor Pro Tem Judith Mitchell	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (videoconference).....	SCAQMD Board Member
Mark Abramowitz.....	Board Consultant (Lyou)
David Czamanske	Board Consultant (Cacciotti)
Ron Ketcham	Board Consultant (McCallon)
Andrew Silva	Board Consultant (Rutherford)
Roxana Bekemohammadi (teleconference)	The Quintana Cruz Company
Jason Gonsalves (teleconference)	Joe A. Gonsalves & Son
Gary Hoitsma (teleconference)	The Carmen Group
Amelia Jenkins (teleconference).....	Cassidy & Associates
Chris Kierig (teleconference).....	Kadesh & Associates
Jacob Moss (teleconference).....	California Advisors, LLC
Priscilla Hamilton	Southern California Gas
Bill LaMarr	California Small Business Alliance
Rita Loof	RadTech
Susan Stark.....	Andeavor
Tammy Yamasaki	Southern California Edison
Derrick Alatorre	SCAQMD Staff
Leeor Alpern	SCAQMD Staff
Debra Ashby	SCAQMD Staff
Sam Atwood.....	SCAQMD Staff
Barbara Baird.....	SCAQMD Staff
Philip Crabbe	SCAQMD Staff
Amir Dejbakhsh	SCAQMD Staff
Philip Fine	SCAQMD Staff
Stacy Garcia	SCAQMD Staff
Bayron Gilchrist.....	SCAQMD Staff
Sujata Jain	SCAQMD Staff
Monika Kim	SCAQMD Staff
Megan Lorenz	SCAQMD Staff
Terrence Mann	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Ron Moskowitz.....	SCAQMD Staff
Wayne Nastri	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Sarah Rees.....	SCAQMD Staff
Mary Reichert	SCAQMD Staff
Jeanette Short.....	SCAQMD Staff
Lisa Tanaka O'Malley	SCAQMD Staff
Fabian Wesson	SCAQMD Staff
Jill Whynot.....	SCAQMD Staff
Paul Wright	SCAQMD Staff
Victor Yip	SCAQMD Staff
Andre Yeung.....	Student Intern

ATTACHMENT 2

SCAQMD

July 2018 Legislative Committee Board Meeting Report covering June 2018

Kadesh & Associates

Overview:

The House and Senate were in session for all four weeks of June. June was dominated with:

- 1- Ongoing consideration of House and Senate FY19 Appropriations;
- 2- The planning, execution and follow up for DC trip by senior executive SCAQMD staff;
- 3- Efforts to encourage EPA to commence an Ultra-Low NOx rulemaking; and
- 4- Preparation for SCAQMD Board Member fly-in for July.

DC Fly-in:

Senior Executive staff conducted three days of meetings/briefings with Congressional offices and agencies regarding SCAQMD focused on Ultra Low NOx regulations.

Appropriations:

Both the House and Senate Appropriations Committees continue their fast pace to markup all the FY19 appropriations bills prior to the July 4 recess. To date, the Senate committee has finished its markups, with the LHHS and DOD bills moving together last week. The House has yet to schedule its remaining bill, the DHS appropriations bill which cover ICE, immigration, and border issues. Recall, the FY19 top line number is \$10 billion more than FY18; FY18 saw an increase of \$63 billion in non-defense discretionary spending stemming from the Bipartisan Budget Amendment FY 18 legislation.

The Administration's recent policy changes – and reversals – on immigration have created political fallout, but that has not slowed the House/Senate consideration of legislation. Other bills awaiting action before the election include, Water Resources Development Act, Federal Aviation Administration, and the defense authorization conference report. The announced retirement of Justice Kennedy from the Supreme Court and the Administration's announced intent to nominate/confirm a replacement before the November election will absorb a great deal of legislative time and attention between now and the election.

Activities summary:

- Advance planning for the June Executive staff fly-in.
- Carried out executive staff fly-in.
- Ongoing analysis and response to EPA/NHTSA announcement regarding the CA Clean Air Act waiver and proposals to alter CAFE/ghg standards for MY2022-2025.
- Analyzed and shared information on FY19 appropriations process.
- Continued to monitor and pass on relevant legislation of interest to SCAQMD.
- Participated in regular conference call with subsequent follow up assignments.
- Answered specific questions from SCAQMD staff.
- Kept staff updated as to legislative changes, committee assignments and confirmations.
- Monitored and shared updates on Administration regarding budget, appropriations, Interior, EPA, transportation, and environmental policies and personnel.

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MEMORANDUM

To: South Coast AQMD Legislative Committee
From: Carmen Group
Date: June 28, 2018
Re: Federal Update -- Executive Branch

Meetings on Ultra-Low NOx Issue with SCAQMD Staff in Washington, DC: On June 20-22, top SCAQMD staff participated in a series of meetings in Washington DC focused on advocacy efforts to advance a potential future U.S. EPA rulemaking to adopt an ultra-low NOx standard for heavy duty trucks, addressing one of SCAQMD's top federal priorities. Among these meetings were the following that our team arranged and participated in:

Business/Industry Groups: A roundtable with representatives of 13 business entities and related groups and trade associations focused largely on the U.S. trucking industry with special interest in developments surrounding the ultra-low NOx standard issue. These included trucking companies, engine and equipment manufacturers, and natural gas and vehicle efficiency groups, among others.

OMB-OIRA: Staff from the White House Office of Management & Budget Office of Information & Regulatory Affairs –Natural Resources and Environment Branch.

Congress: Staff from key Republican members representing non-attainment areas in the states of Illinois, Indiana, Missouri and North Carolina.

Governors: Staff from the DC offices of the Republican Governors of Maryland, Michigan and Wisconsin where additional non-attainment areas exist and air quality challenges are significant.

The meetings afforded SCAQMD an opportunity to further the process of educating and coordinating with potential allies in the effort to encourage EPA to make a decision to begin a formal rulemaking process. Inside EPA, career officials have recently been conducting some due diligence on the issue but must await an official green light from EPA Administrator and the Assistant Administrator for Air who are expected to be discussing the matter soon. It has been over 16-years since EPA last addressed the issue, adding to the urgency that it is past time for the Agency to act.

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DOT Announces INFRA Grants: In June, the US Department of Transportation announced the distribution of \$1.5 billion to 26 projects under its INFRA grant discretionary program addressing major highway mobility, transportation and freight movement efficiency and environmental protection issues. A majority of the selected projects in this round were in rural areas, reflecting Trump administration priorities. A new round of INFRA grant funding availability is expected to be announced later this summer.

FAA Announcing AIP (Airport) Grants: The Federal Aviation Administration (FAA) this summer is in the process of announcing a total of \$3.2 billion in grants under the Airport Improvement Program (AIP), part by formula and part discretionary. In all, hundreds of grants are being awarded for infrastructure projects that include runways, taxiways, aprons and terminals, including some that address environmental and air quality issues at airports.

FTA Announces Bus Grant Availability: The Federal Transit Administration (FTA) announced in June that over \$366 million in FY 2018 funding would be available for Bus and Bus Facilities grants. Eligible projects would involve the replacing, rehabilitating, leasing or purchasing of buses and related equipment as well as projects to construct or lease bus related facilities, such as buildings for bus storage and maintenance. Applications are due August 6, 2018.

EPA Announces Proposed Biofuels Requirements: In a proposed rulemaking announced in June under the Renewable Fuel Standard (RFS) program, the EPA started the annual process for setting the minimum amount of renewable fuels that must be blended into the Nation's fuel supply. EPA implements the RFS program in consultation with the Departments of Agriculture and Energy.

DOE Seeks Feedback on Barriers to Hydrogen Infrastructure: In June, the Department of Energy announced a new Request for Information (RFI) that will allow stakeholders to weigh in and help reduce regulatory barriers on the development of hydrogen energy infrastructure. DOE hopes to identify priority research and development areas and potential courses of action to remove regulatory in order to reduce hydrogen deployment time and cost. Comment period closes on August 10, 2018.

Subcabinet Appointments of Note:

CEQ: Mary Neumayr of Virginia has been nominated to be **Chair of the White House Council on Environmental Quality**. She currently serves as CEQ Chief of Staff and previous served eight years in a variety of staff positions at the House Energy & Commerce Committee including as deputy chief counsel for energy and environment. She also served as deputy counsel for environment and nuclear programs at the Department of Energy during the George W. Bush administration.

DOE: Daniel Simmons of Virginia was nominated to be **Assistant Secretary for Energy, Efficiency, and Renewable Energy (EERE)**. He currently is deputy assistant secretary at EERE. He previously was Vice President for Policy at the Institute for Energy Research and earlier was professional staff on the House Resources Committee.

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CASSIDY&ASSOCIATES

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: June 29, 2018

Re: Federal Update

Issues of Interest to SCAQMD

Recent Congressional Actions

The House voted on a three-bill appropriations minibus containing the Energy and Water, Military Construction and Veterans Affairs, and Legislative Branch subcommittees of the Appropriations Committee. The bill passed 235 – 179. Subsequently, the bill was taken up by the Senate on 6/25 and was passed 86-5.

Of note, the legislation repeals the Obama-era Clean Water Rule, which would have expanded the Environmental Protection Agency’s regulatory jurisdiction over U.S. bodies of water, along with cuts to clean-energy programs and endangered-species protections.

While the Senate has not announced when it will name its conference members, if the chamber does so the week following the Fourth of July break, that will give appropriators and staff about three months to reach agreement on final versions of the bills and get them signed into law before the new fiscal year begins on Oct. 1.

June Trip Summary

Cassidy & Associates helped plan and execute a key meeting between SCAQMD staff and health and environmental advocates. Representatives from American Lung Association, Union of Concerned Scientists, the Asthma and Allergy Network, and the Environment Policy and Law Center attended an hour long roundtable to discuss the pending NOx rule. The meeting was useful to share information on the priorities of each organization relative to clean air and discuss a path forward on a new rule for NOx emissions. Cassidy & Associates is helping SCAQMD continue to share information in hopes of working together to urge EPA to move forward with a rulemaking. In addition to this coalition meeting, Cassidy & Associates scheduled meetings with House Members from Arizona and Democratic Whip Steny Hoyer (D-MD).

Senate Energy and Natural Resources Update

On June 12, SENR held an oversight hearing of the Federal Energy Regulatory Commission, during which many members of the committee addressed the Administration's plan to bail out financially struggling coal and nuclear plants to stop any more from closing.

Recently, the White House has outlined plans to move towards invoking its national security powers to manage the nation's power grid. The FERC is in the middle of a review of the power grid to see what impact the growing number of coal and nuclear plant closures might have and if new natural gas plants and solar and wind farms would be able to cover the potential shortfall.

On June 26th, SENR held a nominations hearing for 4 nominees to DOE, including most notable for SCAQMD's interests, Mr. Daniel Simmons to be the Assistant Secretary of Energy for Energy Efficiency and Renewable Energy (EERE), which oversees DOE's \$2.32 billion applied research program in energy efficiency and renewable energy.

Mr. Simmons currently serves as the acting head of EERE. In the past he has questioned the federal government's support of technologies such as wind energy and has urged the federal government to speed the permitting of fossil fuel exploration.

Once confirmed, we recommend that SCAQMD invite Mr. Simmons to visit South Coast Headquarters and meet with the Board and staff members as well as take a tour of the region to learn about how energy efficiency advancements are key to SCAQMD achieving their goals.

The Energy and Natural Resources Act remains stalled on the floor of the Senate. This package includes the Vehicle Innovation Act that authorizes new funding for vehicle technology at \$250 million per year through the Department of Energy.

We continue to encourage South Coast to write a letter of support for the Vehicle Innovation Act, and further, we believe that it would be worthwhile to seek a Senate sponsor to introduce a standalone version of this legislation.

Senate Environment and Public Works Committee

During June, the Environment and Public Works Committee committed the majority of its time towards issues related to water infrastructure and autonomous vehicles. On the topic of autonomous vehicles, the Committee held a hearing with officials from the New York City Department of Transportation as well as the Center for Advanced Automotive Research (amongst others) to explore how and whether full-scale deployment of autonomous vehicle technology could further strain the resources of transportation authorities. The Committee also heard testimony that the technology could have some collateral benefits as well as damages to the level of emissions from vehicles. Finally, the Committee held a confirmation hearing on nominees for the position of assistant administrator for the Office of International and Tribal Affairs and assistant administrator for the Office of Land and Emergency Management.

Infrastructure Update

Both House T&I and Senate EPW have passed their respective Water Resource Development Act (WRDA) bills, with the full House passing an amended version by a vote of 408-2. While both bills contain similar provisions addressing policy and project reform, they are significantly different in many aspects which may make reconciliation difficult should the Senate pass their version out of the Senate. A time agreement for debate on Senate WRDA was recently proposed that would likely bring the bill to the Senate floor for consideration after the July 4th Congressional recess. When the Senate passes their bill, staff on the requisite committees of jurisdiction from both chamber will enter into a conference to negotiate provisions and reconcile differences.

Cassidy & Associates believes a conference will take approximately 3-4 months, with the likelihood of final reconciliation and consideration in both chambers sometime after the November election. There is a slight possibility final consideration could occur before the November election.

House Committee Report

On June 22 the House Science Committee's Subcommittee on Environment held a [hearing](#) on State Perspectives on Regulating Background Ozone. The Majority and its witnesses largely worked to draw out the theory that 70 ppb NAAQS standards are unattainable because background ozone is too high. Elena Craft of the Environmental Defense Fund testified as the Democratic witness. While the purpose of the hearing from the Chairman's perspective is presumably to build a case for a rollback of the 70 ppb standard, the arguments about background ozone being "out of local control" could actually help support a case for low-NOx truck standards.

On May 24, Rep. Markwayne Mullin (R-OK) released HR 5959, the [Natural Gas Parity Act](#), which would support RD&D on natural gas vehicles, an extension of the alternative fuels tax credit and credits for new natural gas trucks, and other strategies for advancing commercialization of natural gas vehicles.

On June 26th, the House Energy and Commerce Committee held a hearing entitled "The Shifting Geopolitics of Oil and Gas." The headline witness was Harold Hamm, CEO of Continental Resources. There were two other oil company representatives and Kevin Kennedy from World Resources Institute. The testimony largely focused on supply and demand issues related to oil and gas. [Ranking Member Frank Pallone](#) (D-NJ) criticized the emphasis of the current Administration on oil and gas development offshore and raised concerns with EPA's lack of progress on clean air issues.

Environmental Protection Agency Updates

On June 25, the EPA announced it will formally begin review of the 2015 Ozone standards. The review will include evaluation of air quality standards for ozone and five other common pollutants. An outside panel, the Clean Air Scientific Advisory Committee, will provide feedback on adverse impacts to "public health, welfare, social, economic, or energy effects." The evaluation of factors other than public health drew a sharp rebuke from over 70 House Democrats who view the scope of the Committee as "illegal and immoral."

On June 29th, EPA Air Chief Wehrum and EPA Administrator Pruitt met with CARB Chair Mary Nichols. In press statements regarding this meeting, both indicated that they would not offer “concessions” to California over vehicle emission standards before issuing a proposal to modify federal regulations. A leaked version of the proposed fuel efficiency standards included policy to block California for enforcing higher greenhouse gas standards.

ATTACHMENT 3



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

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Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – June 2018

DATE: Friday, June 29, 2018

BUDGET

During the month of June, the Legislature was focused on the State budget. On June 14, 2018, the Legislature adopted a \$136.8 billion 2018-19 state budget, one day prior to the June 15th Constitutional deadline. On June 25, 2018, the Legislature passed SB 856, a budget trailer bill which included the allocation of cap and trade (GGRF) funds. On June 27, 2018, Governor Brown signed the main budget bill along with a number of budget trailer bills, including SB 856.

The budget makes investments in schools and universities, creates the state's first online community college, fully fills the Rainy-Day Fund, boosts child care, and combats homelessness and poverty.

One of the largest pieces of the budget deal was \$500 million in emergency aid to local governments and nonprofit organizations to address California's homelessness crisis. The compromise includes one-time spending on emergency aid block grants to help cities and counties reduce homelessness. The grants can be used on a range of

programs, including housing vouchers and shelter construction. It doubles what the governor proposed spending on the grants from surplus state revenue in his May Revise.

The Governor and legislative leaders also agreed to place a bond measure on the November ballot for \$2 billion to house people who are homeless or at risk of losing their homes.

Other noteworthy provisions in all that fine print include bills that would:

- Exempt, until July 2020, local governments and school boards from having to list how much money would be raised by bond measures.
- Extends carpool lane permits for low- and zero-emission vehicles until Jan. 1, 2022.
- Sets aside \$630 million for the state to tear down and rebuild the Capitol Annex.
- Opens up the state's Earned Income Tax Credit to all adult citizens (previously, it was only available for those between 25-65 years old).

CAP AND TRADE

On June 25, 2018, the Legislature adopted SB 856, which appropriates funding in the following manner:

- 1) Appropriates funding from the Greenhouse Gas Reduction Fund (GGRF):
 - a. \$20 million to the California Natural Resources Agency (CNRA) for urban greening programs.
 - b. \$20 million to CNRA for landscape-level forest health projects to expand the Sierra Nevada Conservancy's Watershed Improvement Program model to the Northern, Coastal, and Southern California regions.
 - c. \$21.165 million to the Governor's Office of Planning and Research, as follows:
 - \$1.165 million for the Affordable Housing and Sustainable Communities Program.
 - \$18 million for research on reducing carbon emissions
 - \$2 million for technical assistance to disadvantaged communities.

- d. \$40 million to the Strategic Growth Council for the Transformative Climate Communities Program.
- e. \$25 million to the Governor's Office of Emergency Services for the procurement and maintenance of fire engines and support of the California Fire and Rescue Mutual Aid System.
- f. \$8.513 million to the California Conservation Corps for the training and work program.
- g. \$12.5 million to the California Energy Commission (CEC) for low carbon fuel production.
- h. \$68 million to the CEC for energy efficiency food processor projects and renewable energy projects in the agricultural sector.
- i. \$165 million to CalFire for healthy forest and fire prevention programs and projects that improve forest health and reduce GHG emissions caused by uncontrolled wildfires.
- j. \$30 million to CalFire for prescribed fires.
- k. \$5 million to the Department of Fish and Wildlife for wetland restoration projects.
- l. \$1.5 million to the California Coastal Commission for the Coastal Management Program.
- m. \$3 million to the State Coastal Conservancy for the Climate Ready Program.
- n. \$500,000 to the San Francisco Bay Conservation and Development Commission for Bay conservation and development local assistance.
- o. \$645 million to CARB as follows:
 - \$112 million for reducing agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other diesel equipment used in agricultural operations.
 - \$125 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.
 - \$75 million for the Enhanced Fleet Modernization Program and Plus-Up Pilot Project, replacement of school buses, and light-duty equity pilot projects.

- \$55 million for the Freight Equipment Advanced Demonstration and Pilot Commercial Deployment Project.
 - \$3 million for the Woodsmoke Reduction Program.
 - \$245 million for incentives to reduce mobile and stationary sources of criteria air pollutants or toxic air contaminants in disadvantaged communities.
 - \$20 million for local air districts' implementation of AB 617.
 - \$10 million for technical assistance grants to community-based organizations in disadvantaged communities.
- p. \$200 million to CARB for the Clean Vehicle Rebate Project.
- q. \$25 million to the Department of Resources Recycling and Recovery for Waste Diversion and GHG Reduction Financial Assistance programs.
- r. \$500,000 to the Department of Community Services and Development for energy programs administrative costs.
- s. \$9.5 million to the Department of Community Services and Development for low-income solar and multi-family weatherization programs.
- t. \$104 million to the Department of Food and Agriculture, as follows:
- \$99 million for dairy digester research and development, and alternative manure management.
 - \$5 million for the Healthy Soils Program.

2) Appropriates funding from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) to the Wildlife

Conservation Board, as follows:

- \$10 million for wildlife corridor infrastructure projects.
- \$10 million for wildlife conservation projects.
- \$10 million for the upper watershed lands in the Sierra Nevada and Cascade Mountains.
- \$150,000 for a grant to Trinity County for watershed protection.
- \$150,000 for a grant to the City of Los Angeles for Los Angeles River greenways restoration in Studio City.

- \$3 million to DWR for the San Joaquin Flood Control Agency Smith Canal Gate.
- \$22 million to DWR for the Southport Setback Levee.

3) Appropriates \$30 million from the Air Pollution Control Fund to CARB for local air districts' implementation of AB 617 (C. Garcia, Chapter 136, Statutes of 2017).

4) Appropriates \$20 million from the California Tire Recycling Management Fund to CARB for local assistance to reduce agricultural sector emissions for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other diesel equipment used in agricultural operations.

5) Appropriates \$134.5 million from the Alternative and Renewable Fuel and Vehicle Technology Fund.

6) Appropriates \$426.6 million in additional federal transportation funds, including \$241.6 million in emergency federal funds for disaster response.

CAP AND TRADE: ONTARIO IN OR OUT?

On June 27, 2018, the announcement of Ontario's impending withdrawal from the bi-national cap-and-trade program, after less than a year of partnership, sent ripples through the State Capitol. The exit of California's largest emissions trading partner may have to do with politics more than policy, but the effects are no less.

The incoming Premier of Ontario, Doug Ford, said he will move quickly to decouple the province from the trading program, calling a carbon tax a bad deal for Canadians.

This announcement comes just a couple of months before California is set to showcase its cap-and-trade program when it hosts an international climate summit in San Francisco. This development does not help as Governor Brown continues to shop the alliance to other states and countries.

In the short term, the damage to the market appears minimal as traders said the pullout

briefly unsettled the market. But quick action by officials to suspend transfers with Ontario helped stabilize prices. That leaves Quebec still partnering with California, and Ontario's market share was much larger than Quebec's. However, many believe that a slimmed-down emissions market can withstand Ontario's departure.

The Premier-elect will be sworn in on Friday and said in a press release that he would make good on his vow. Although Ontario's intent to leave is clear, nothing is going to happen fast. Repealing the cap and trade system requires Parliamentary action and the timetable for Ontario to depart from the emissions trading market is less certain. There doesn't appear to be an identified mechanism to de-link a trading partner.

The international agreement says that any party wishing to withdraw should "endeavor to give 12 months' notice" and should likewise try to withdraw at the end of a compliance period, which in this case would be in 2021. But the document offers no details as to how that complicated pact becomes undone.

California is continuing to engage with the current elected and appointed officials in Ontario to prevent Ontario from not participating in the next auction scheduled for August 14. Additionally, California is trying to understand the impact of Ontario's exit and the possibility of a flood of allowances on the market in California, leading to less incentive to reduce real emissions.

We will continue to keep you apprised as the State reacts to this announcement.

AB 2453 (E. GARCIA) AIR POLLUTION: SCHOOLS.

Existing law Requires CARB to establish Community Emissions Reductions Programs (CERP) for the purposes of reducing emissions of toxic air contaminants and criteria air pollutants. Existing law also establishes school modernization appointment funds, which may be used for improvements to extend the useful life of, or to enhance the physical environment of, the school, including, but not limited to, maximizing indoor air quality,

but may not be used for routine maintenance and repair.

AB 2453 clarifies that a modernization apportionment may be used to limit pupil exposure to harmful air pollutants by updating air filtration systems. Additionally, the bill would permit a school or school district located in a community identified as a qualifying community for a CERP to:

- work with local air districts to identify school sites for air quality adaptation efforts.
- Be eligible for a grant, as a part of a CERP, that implements air quality mitigation efforts, including, but not limited to, air filter upgrades or installations and vegetation buffer planting.

On June 20, 2018 AB 2453 was heard in the Senate Environmental Quality Committee. The Committee felt that there is no ambiguity in the meaning of existing law regarding the fact that school modernization apportionments may be used to limit pupil exposure to harmful air pollutants by updating air filtration systems. Additionally, they did not believe there is any conflicting case law regarding this point and recommended the removal of Section 1 from the bill altogether. The author, however, did not want to remove this language from the bill and argued that his intent in enacting this declaratory statute is to encourage schools to use their modernization apportionments for the purpose of limiting pupil exposure to harmful air pollutants by updating air filtration systems. As a compromise, the author offered the following amendment to paragraph (2) of subdivision (c) in section 1 of AB 2453:

(2) This subdivision is declaratory of existing law. In enacting this statute, it is the intent of the Legislature to encourage school districts to add air filtration systems to applications for modernization apportionments when air pollution occasionally or regularly exceeds levels known to be harmful to public health.

AB 2453 passed out of the Senate Environmental Quality Committee on a 7-0 vote. The bill is now headed to the Senate Appropriations Committee, which will take place after the Legislative Summer Break.

We will continue to work closely with the Author's office and keep you apprised as the issue progresses.

2018 LEGISLATIVE DEADLINES

June 1 Last day for each house to pass bills introduced in that house.

June 4 Committee meetings may resume.

June 15 Budget Bill must be passed by midnight.

June 28 Last day for a legislative measure to qualify for the Nov. 6 General Election ballot.

June 29 Last day for **policy committees** to hear and report **fiscal bills** to fiscal committees.

July 6 Last day for **policy committees** to meet and report bills.

Aug. 17 Last day for **fiscal committees** to meet and report bills.

Aug. 20-31 Floor session only. No committee may meet for any purpose except Rules Committee.

Aug. 24 Last day to **amend** on Floor.

Aug. 31 Last day for each house to pass bills. **Final Recess** begins on adjournment.



June 28, 2018

TO: South Coast Air Quality Management District
FROM: The Quintana Cruz Company
RE: June 2018 Report

LEGISLATIVE ITEMS OF NOTE:

AB 2506 (Burke) State vehicle fleet: near-zero-emission vehicles.

The bill was last amended on April 19, 2018. The bill now mandates that at least 15% of new vehicles with a gross vehicle weight rating (GVWR) of 19,000 pounds or more purchased by state agencies must be fueled by renewable natural gas beginning on January 1, 2022. In contrast, the bill prior to the recent amendment required that at least 30% of newly purchased vehicles with a 19,000 GVWR or more be near-zero-emission by January 1, 2020. The bill was held in Assembly Appropriations.

Status: Dead - Held in Assembly Appropriations.

AB 2091 (Grayson) Fire prevention: prescribed burns.

The bill was last amended on April 16, 2018. The bill renames the Board of Forestry and Fire Protection as the Board of Forestry and Fire Prevention and Protection. It also requires the Board of Forestry and Fire Prevention and Protection to establish standards for prescribed burning and certify prescribed burn managers.

Status: Do pass as amended in Senate Committee on Natural Resources and Water on June 26 and re-referred to the Senate Committee on Appropriations.

AB 327 (Gipson) South Coast Air Quality Management District: fleets.

Assemblymember Gipson amended AB 327 on June 4, 2018 to authorize the governing board of the south coast district to adopt rules and regulations that require specified operators of public fleet vehicles consisting of 15 or more vehicles to purchase the cleanest commercially available vehicles, as defined, that will meet the operator's operational needs; to require the replacement of no more than 15% of existing vehicles per calendar year, as specified; and to require those cleanest commercially available vehicles to be operated, to the maximum extent feasible, in the south coast district.

Status: Do pass in Senate Committee on Environmental Quality on June 20 and re-referred to the Senate Committee on Transportation and Housing (to be heard on July 3).

SB 1260 (Jackson) Fire prevention and protection: prescribed burns.

This bill was last amended on June 18, 2018. It would require the local agency to transmit a copy of the adopted ordinance to the State Board of Forestry and Fire Protection within 30 days of adoption. By imposing a new duty on a local agency, the bill would impose a state-mandated local program.

Status: Do pass as amended in Assembly Committee on Local Government on June 27 and re-referred to the Assembly Committee on Appropriations.



SCAQMD Report
California Advisors, LLC
July 13, 2018 Legislative Committee Hearing

General Update

On June 27, 2018 the Governor signed the 2018-19 state budget deal as well as a number of related trailer bills. Included in these related trailer bills was the Greenhouse Gas Reduction Fund (GGRF) deal. The full GGRF deal is included at the end of this report. Highlights of the deal include:

- \$245 million for AB 617 incentives for the Carl Moyer Memorial Air Quality Standards Attainment program & Proposition 1B with qualifying language (see below)
- \$50 million per year for two years for AB 617 implementation (\$30 million from the Air Pollution Control Fund and \$20 million from GGRF funds for the first year)
- \$132 million (\$20 million from the Tire Recycling Management Fund and \$112 million from GGRF) for the Agricultural Diesel Replacement program with qualifying language (see below)

AB 617 Incentives Qualifying Language (\$245 million)

The funds shall be available to local air districts as distributed by the State Air Resources Board and shall be for projects that complement and further the rules and regulatory requirements that the State Air Resources Board and air districts have established or are in the process of developing to reduce or mitigate emissions from mobile and stationary sources in affected communities pursuant to section 44391.2 of the Health and Safety Code. As such, the funds shall be allocated for projects that are intended to benefit communities that the State Air Resources Board has selected or is considering for selection in future years pursuant to that section.

(a) Funds shall be allocated to projects consistent with priorities identified by the affected community in a transparent, meaningful public process.

(b) Funds shall only be allocated to projects that will provide emission reductions that are in excess of those otherwise required by law or regulation.

The following are eligible projects to be funded by local air districts from funding in Provision 3(a) of this item for the benefit of communities that the State Air Resources Board has selected or is considering for selection in future years of the program pursuant to section 44391.2 of the Health and Safety Code:

(a) Financial assistance for the purchase of cleaner technologies with a priority on zero-emission equipment either through the Community Air Protection Fund Supplement to the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with

Section 44275) of Part 5 of Division 26 of the Health and Safety Code) or in accordance with the board's Proposition 1B guidelines relative to funding amounts and truck evaluations.

(b) Zero-emission charging infrastructure with a priority towards infrastructure that supports medium- and heavy-duty vehicles.

(c) Financial assistance to owners of stationary sources that are not subject to the requirements adopted by the state board pursuant to subdivision (c) of Section 38562 of the Health and Safety Code for replacement of equipment with technologies that will result in direct emission reductions of toxic air contaminants and criteria air pollution, including zero-emission technologies. The board may contract with the Treasurer to expend these funds through programs implemented by the Treasurer, including the California Pollution Control Financing Authority.

In addition to the eligible projects identified in Provision 5, the State Air Resources Board may fund a program developed by a local air district with community input through a public process so long as the program is consistent with the actions identified in the applicable community emission reduction program pursuant to Section 44391.2 of the Health and Safety Code.

Agricultural Diesel Qualifying Language (\$132 million)

Funding for agricultural diesel replacement and upgrades shall be based on criteria that include the following:

- (a) The diesel particulate matter emissions and exposures in an air district.
- (b) The NOx and PM 2.5 emissions and attainment status in each district.

2018 Other Legislative Priorities

SB 1502 (Senate Environmental Quality) Electronic public notice authorization.

SB 1502 authorizes air districts to utilize electronic communications in lieu of paper mail with regard to public notices for public hearings and workshops.

STATUS: SB 1502 was signed by the Governor on June 28, 2018.

SB 210 (Leyva) Heavy-duty vehicle inspection and maintenance program.

This bill would authorize the state board to develop and implement a Heavy-Duty Vehicle Inspection and Maintenance Program for non-gasoline heavy-duty on-road motor vehicles.

STATUS: The author has decided not to move the bill this year.

2018-19 Cap and Trade Expenditure Plan (Dollars in Millions)

Investment Category	Department	Program	Amount
Air Toxic and Criteria Air Pollutants	Air Resources Board	AB 617 - Community Air Protection	\$245
		AB 617 - Local Air District Implementation (\$50 million total, including other funds)	\$20
		Technical Assistance to Community Groups	\$10
Low Carbon Transportation	Air Resources Board	Clean Vehicle Rebate Project	\$175
		Clean Trucks, Buses, & Off-Road Freight Equipment	\$180
		Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$100
	Energy Commission	Low Carbon Fuel Production	\$12.5
Climate Smart Agriculture	Air Resources Board	Agricultural Diesel Engine Replacement & Upgrades (\$132 million total, including other funds)	\$112
	Energy Commission	Energy Efficiency	\$64
	Department of Food and Agriculture	Healthy Soils	\$5
	Energy Commission	Renewable Energy	\$4
Healthy Forests	CAL FIRE	Healthy & Resilient Forests	\$160
	CAL FIRE	Forest Carbon Plan: Prescribed Fire & Fuel Reduction	\$30
	Natural Resources Agency	Forest Carbon Plan: Northern, Coastal, and Southern California Regional Forest Health Projects	\$20
	CAL FIRE	Urban Forestry	\$5
	CalOES	Local Fire Response	\$25
Short-Lived Climate Pollutants	Department of Food and Agriculture	Methane Reduction	\$99
	Air Resources Board	Woodstoves	\$3
	CalRecycle	Waste Diversion	\$25
Integrated Climate Action: Mitigation & Resilience	Strategic Growth Council	Transformative Climate Communities	\$40
	Natural Resources Agency	Urban Greening	\$20
	Multiple Departments	Coastal Resilience	\$5
	Department of Fish and Wildlife	Wetlands Restoration	\$5
	Community Services & Development	Low-Income Weatherization	\$10
	California Conservation Corps	Energy Corps	\$6
Climate and Clean Energy Research	Strategic Growth Council	California Climate Change Technology and Solutions Initiative & Technical Assistance	\$20
Total			\$1,400

ATTACHMENT 4

SCAQMD Draft Legislative Proposal to Authorize a Potential Local Sales Tax Increase Ballot Measure in the South Coast Air District

Problem: The South Coast Air Basin has among the worst air quality in the nation and is in extreme nonattainment for ozone, based on federal air quality standards. Our 2016 Air Quality Management Plan (AQMP) addresses this daunting problem, however, it requires substantial and sustainable funding over the next 14 years in order to improve air quality to levels that meet federal air quality standards and reduce the existing significant public health risk.

Summary: This bill proposal would seek authorization from the Legislature, to, either through South Coast Board action or through the voter initiative process, put a quarter-cent sales tax increase proposal on the ballot within the South Coast Air District, for voter approval, in order to raise funds to facilitate the significant reduction of air pollution in the South Coast region, in support of the 2016 AQMP.

This would only be an authorization bill to allow either SCAQMD Governing Board action or a voter driven petition ballot initiative to put this proposal on the ballot. This bill would not directly create a ballot measure.

The key focus of this proposal would be to help raise the needed funds, \$1 billion per year over the next 14 years, required to support the 2016 AQMP. It is still being explored as to whether this proposal could be expanded to include other large local air districts throughout the state as well.

This proposal could generate up to \$700 million on an annual basis for air pollution reduction within the South Coast region, which would go a long way towards solving the air pollution problem. A large portion of this funding would go to providing incentives to businesses to promote the development and deployment of clean technology and facilitate fleet turnover from dirty, heavy-duty diesel trucks and other vehicles to cleaner alternatives.

The goal would be for this proposal to go on the ballot in 2020.