

BOARD MEETING DATE: March 1, 2019

AGENDA NO. 24B

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Thursday, January 10, 2019. The following is a summary of the meeting.
(Revised following the February 1, 2019 Board Meeting)

RECOMMENDED ACTION:
Receive and file.

Judith Mitchell, Chair
Legislative Committee

DJA:PFC:LTO:jns

Committee Members

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

Absent: Council Member Joe Buscaino/Vice Chair
Supervisor V. Manuel Perez
Supervisor Janice Rutherford

Call to Order

Chair Mitchell called the meeting to order at 9:07 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 of Kadesh & Associates reported that the federal government had been in partial shutdown for 20 days. The Senate is scheduled to have a final vote on Thursday, January 10, 2019, in the afternoon, then adjourn through the weekend which sent a signal that reaching an agreement to the budget impasse was not in sight.

Mr. Kierig also reported that Representative Nanette Barragán was appointed to the House Energy and Commerce Committee and Representative Norma Torres was appointed to the House Appropriations Committee.

Mayor Mitchell asked Mr. Kierig if he had heard about any efforts by the Administration to stop emergency funding for wildfire issues in California. Mr. Kierig replied that he had not heard of any discussion.

Mr. Gary Hoitsma of the Carmen Group, reported that the President had officially nominated Mr. Andrew Wheeler as the permanent U.S. EPA Administrator. The Senate Environment and Public Works Committee has scheduled the hearing for the nomination of Mr. Wheeler on January 16, 2019.

Mr. Kaleb Froehlich of Cassidy & Associates reported that the Senate approved Ms. Mary Neumayr's nomination as Chairwoman of the Council on Environmental Quality which coordinates environmental policy and regulations across the federal agencies.

2. Update on State Legislative Issues

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

Mr. Paul Gonsalves of Joe A. Gonsalves & Sons reported that Governor Newsom, along with all other statewide constitutional officers, were sworn in on January 7, 2019. Governor Newsom gave an inaugural speech and will be releasing his proposed state budget on January 10, 2019 which will address California's \$15 billion budget surplus. Mr. Gonsalves informed the Committee that this proposed state budget will essentially begin budget negotiations between the Governor and the Legislature. There will a revised budget released by the Governor in May and June 15, 2019 is the deadline for the state budget to be passed.

Ms. Caity Maple of Quintana, Watts and Hartman reported that Jared Blumenfeld has been appointed by Governor Newsom as the new Secretary of the Cal/EPA.

Mr. Will Gonzalez of California Advisors, LLC, reported that SCAQMD staff and representatives have been having ongoing meetings in Sacramento regarding the sales tax ballot measure authorization bill sponsored by SCAQMD. Mr. Gonzalez introduced Ross Buckley the new state legislative consultant that will be working on SCAQMD's issues. Mr. Buckley informed the Committee that Assembly Member Kevin McCarty is looking to introduce a bill relating to establishing a uniform process for shutting down schools when there is very unhealthy air quality, such as in situations when there is severe smoke from wildfires. Further updates will be provided as this legislation develops.

3. Update on Proposed Legislation Regarding a Sales Tax Increase Authorization Ballot Measure for Air Quality Funding

Mr. Philip Crabbe, Public Affairs Manager of Legislative, Public Affairs and Media, presented this item to the Committee and provided an update on an SCAQMD-sponsored proposed legislation, which would authorize a sales tax measure be put on the ballot within the South Coast region. The sales tax would fully fund implementation of the AQMP through incentives to ensure meeting air quality standards and protecting public health.

Mr. Crabbe clarified that the bill does not create a tax or ballot measure directly, but allows Board action or a voter-driven initiative to put a sales tax measure on the ballot. Staff has finalized draft bill language, which was included as an attachment in the January 10, 2019 Legislative Committee meeting packet, for the Committee's information and discussion.

Mr. Crabbe summarized some of the provisions of the bill language, including that the proposed bill:

- Allows a sales tax measure to be voted upon within the South Coast region and establishes procedures regarding the applicable election processes;
- Clarifies that funds raised through a sales tax ballot measure shall be used for financial incentives and programs to accelerate the deployment of lower-emission mobile and stationary equipment, along with alternative fueling and charging infrastructure, as necessary, to implement the SCAQMD's 2016 AQMP, and subsequent SCAQMD-adopted plans, in order to attain the state and national ambient air quality standards;
- Authorizes a sales tax increase by ballot measure of up to one percent within the South Coast;
- Ensures that at least 50 percent of funds raised by this measure shall be used for financial incentives awarded to projects located in, and/or benefiting disadvantaged communities;
- Ensures that, in distributing the financial incentives, the SCAQMD shall give preference for any project using equipment that is manufactured or assembled within the South Coast region;
- Prohibits funds raised by the measure from being allocated for the purchase of fully automated cargo handling equipment; and
- Requires legislative oversight through annual reporting by the SCAQMD to the Legislature regarding projects funded and the expected emission reductions from those projects.

Mayor Mitchell inquired if the definition of “disadvantaged communities” in the bill language was related to the CalEnviroScreen tool. Mr. Crabbe responded that the bill referenced a state statute that defined “disadvantaged communities” and that staff would confirm whether or not this involved CalEnviroScreen.

Dr. Parker asked if the bill language is consistent with Board direction regarding introducing a sales tax ballot measure authorization bill. Ms. Barbara Baird, Chief Deputy Counsel, responded that the bill language is consistent with Board direction.

Mr. Aaron Hake from the Riverside County Transportation Commission (RCTC) commented that RCTC has established a 2019 legislative platform that is relevant to SCAQMD’s sponsored sales tax ballot measure authorization bill, and that RCTC has specific concerns that would need to be addressed for them to support this effort, including requiring a two-thirds vote, equal distribution of benefits by county, a formal consultation process and the legislation should not affect RCTC’s ability to get more funding. RCTC is interested in working with SCAQMD, collaborating with SCAQMD in the near future to ensure that the bill is consistent with RCTC’s legislative platform priorities.

Mayor Mitchell commented that staff should continue to work with the counties in the South Coast region regarding the sales tax ballot measure bill.

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, February 8, 2019 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:38 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Update on Proposed Legislation Regarding a Sales Tax Increase Authorization Ballot Measure for Air Quality Funding

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – January 10, 2019

Dr. William A. Burke (videoconference).....	SCAQMD Board Member
Mayor Judith Mitchell (videoconference).....	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (videoconference)	SCAQMD Board Member
Mark Abramowitz.....	Board Consultant (Lyou)
Gary Hoitsma (teleconference)	Carmen Group, Inc.
Kaleb Froehlich (teleconference).....	Cassidy & Associates
Chris Kierig (teleconference).....	Kadesh & Associates
Caity Maple (teleconference).....	The Quintana Cruz Company
Will Gonzalez (teleconference)	California Advisors, LLC
Paul Gonsalves (teleconference).....	Joe A. Gonsalves & Son
Alicia Berhow	Orange County Business Council
Kris Flaig	LA Sanitation
Aaron Hake	Riverside County Transportation Commission
Bill LaMarr	California Small Business Alliance
Michael Lewis.....	Construction Industry Air Quality Coalition
Rita Loof	RadTech
Tammy Yamasaki	Southern California Edison
Derrick Alatorre	SCAQMD Staff
Sam Atwood.....	SCAQMD Staff
Barbara Baird (teleconference)	SCAQMD Staff
Naveen Berry	SCAQMD Staff
Philip Crabbe	SCAQMD Staff
Stacy Garcia	SCAQMD Staff
Bayron Gilchrist.....	SCAQMD Staff
Monika Kim.....	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Ron Moskowitz.....	SCAQMD Staff
Wayne Nastri	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Mary Reichert	SCAQMD Staff
Jeanette Short.....	SCAQMD Staff
Danielle Soto.....	SCAQMD Staff
Lisa Tanaka O'Malley	SCAQMD Staff
Laki Tisopulos	SCAQMD Staff
Jill Whynot.....	SCAQMD Staff
Paul Wright.....	SCAQMD Staff

ATTACHMENT 2

SCAQMD Report for January 2019 Legislative Meeting covering December 2018

Kadesh & Associates

Overview

As has been widely reported, Congress and the White House failed to agree on legislation to fund the balance of the Fiscal Year (FY) 2019 Appropriations bills or on an additional Continuing Resolution to fund the government. As a result, a partial government shutdown has been in effect since midnight of December 21. Recall, Congress has not passed seven of the annual appropriations bills: *Agriculture, Commerce-Justice, Financial Services, Foreign Operations, Homeland Security, Interior, and Transportation-HUD*. The issue is funding for the President's proposed border wall and neither side appears anxious to resolve the issue.

Incoming Speaker Pelosi (pending her election to that post) has announced the House will take up on January 3 - the first day of the new session - and pass a six-bill omnibus which would also include a Continuing Resolution (CR) until February 8 for the Department of Homeland Security. It is unclear if this bill would pass in the Senate. Until this issue is resolved, most government workers are furloughed or working without pay.

Major action in December

Leadership selections/elections for Congressional Committees and the funding (ultimately shutdown) of the federal government dominated December. Nancy Pelosi appears to be on her way to serve as Speaker for a second time with a formal floor vote to occur January 3, 2019. It also appears that several Members of the California delegation will assume full committee and subcommittee posts in addition to what spots the seven new members of the California delegation will be assigned. Five of the seven new Democratic Members have all or part of their Congressional districts within SCAQMD's area of responsibility. Announcements of Chairs and Ranking Minority Members of House Appropriations Subcommittee will not occur until mid-January.

116th Congress House Committee Leaders

(**Bold** indicates new leadership role for that Member; **Bold/Underline** indicates CA Democrat.)

Committee	Chairman	Ranking Republican
Agriculture	Collin Peterson (Minn.)	Mike Conaway (Texas)
Appropriations	Nita Lowey (N.Y.)	Kay Granger (Texas)
Armed Services	Adam Smith (Wash.)	Mac Thornberry (Texas)
Budget	John Yarmuth (Ky.)	Steve Womack (Ark.)
Climate Crisis	Kathy Castor (Fla.)	
Education and Labor	Bobby Scott (Va.)	Virginia Foxx (N.C.)
Energy and Commerce	Frank Pallone (N.J.)	Greg Walden (Ore.)
Ethics	Kenny Marchant (Texas)	
Financial Services	Maxine Waters (Calif.)	Patrick McHenry (N.C.)
Foreign Affairs	Eliot Engel (N.Y.)	Mike McCaul (Texas)
Homeland Security	Bennie Thompson (Miss.)	Mike Rogers (Ala.)
House Administration	Zoe Lofgren (Calif.)	Rodney Davis (Ill.)
Intelligence	Adam Schiff (Calif.)	Devin Nunes (Calif.)
Judiciary	Jerrold Nadler (N.Y.)	Doug Collins (Ga.)
Natural Resources	Raúl Grijalva (Ariz.)	Rob Bishop (Utah)
Oversight and Government Reform	Elijah Cummings (Md.)	Jim Jordan (Ohio)
Rules	Jim McGovern (Mass.)	Tom Cole (Okla.)
Science, Space & Technology	Eddie Bernice Johnson (Texas)	Frank Lucas (Okla.)
Small Business	Nydia Velázquez (N.Y.)	Steve Chabot (Ohio)
Transportation & Infrastructure	Peter DeFazio (Ore.)	Sam Graves (Mo.)
Veterans' Affairs	Mark Takano (Calif.)	Phil Roe (Tenn.)
Ways and Means	Richard Neal (Mass.)	Kevin Brady (Texas)

Funding the Federal Government

Congress returned to Washington for a lame duck session to pass the remaining FY19 Appropriations bills and averting a government shutdown. The remaining appropriations bills are: *Agriculture, CJS, Financial Services, Homeland Security, Interior, Foreign Operations, and Transportation/Housing (THUD)*. Funding for the border wall quickly became the single largest sticking point. The FY19 budget request sought \$1.6 billion for new fencing in the Rio Grande Valley. The Senate DHS bill provides that amount. The President, however, is insisting on \$5 billion as a down payment for new construction. The House voted in favor (largely along party lines) for the President's request on December 20. The U.S. House passed a stopgap funding bill that included \$5 billion for a wall on the border with Mexico after President Trump said he wouldn't sign a bill that didn't have the extra money, setting up a conflict with the Senate. The House vote on the amended House version of H.R. 695 was 217-185. Ultimately the 25% of the federal government (as measured by Appropriations spending) began shutting down after December 21, 2018.

Effects

Rulemaking Goes Dark During Shutdown Over Spending Standoff: The partial government shutdown over spending for agencies covering homeland security, environmental protection, and other programs is also depriving the public of new information about behind-the-scenes rulemaking at departments that have funding. Nine major departments and agencies—and the office that reviews all federal regulations—have been shut down since December 22, 2018, with some exceptions for employees who conduct critical tasks. Work on non-emergency regulations has stopped in departments and agencies without funding, such as the Environmental Protection Agency (EPA).

Museums, EPA to Close: More lights are going out in U.S. government offices with the shutdown in its second week as entities from the EPA to the Smithsonian Institution run out of money. Nearly 14,000 workers at the EPA were furloughed, while the Smithsonian said that all museums, research centers and the National Zoo will close, unless the shutdown ends.

How to End the Shutdown

There are three basic ways the shutdown could end: Trump gives up the \$5 billion he wants for the wall, Democrats give Trump his wall money, or both sides come up with a face-saving deal. There are many options for that type of deal. Pelosi says her new Democratic majority will pass legislation to fund the shuttered federal agencies soon after she gets the gavel. Senate Republicans say they won't vote on any spending bill that Trump opposes.

Looking Forward- Lawmakers Prepare for 116th Congress

The House convenes at noon on January 3, 2019, to begin the 116th Congress, and Democrats are preparing to hold the majority in the chamber for the first time since the 111th Congress. Rep. Kathy Castor (D-Fla.) has been tapped by Leader Pelosi to head a select House committee focusing on climate change. Castor is a member of the House Energy and Commerce Committee, which is likely to retain primary jurisdiction in moving any climate legislation in the House in 2019. The new climate panel, to be called the House Select Committee on the Climate Crisis, resurrects a select committee Pelosi launched in 2006, which Republicans abolished when they took control of the House in 2011.

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MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: January 2, 2019

Re: Federal Update -- Executive Branch

Government Shutdown Hits EPA Among Other Agencies: The dispute between Congressional Republicans and Democrats over President Trump's request for \$5 billion in border wall funding led to a partial federal government shutdown on Dec. 21 affecting nine departments (Agriculture, Commerce, Justice, Homeland, Housing, Interior, State, Transportation, and Treasury) and some smaller agencies including the Environmental Protection Agency (EPA). In all, about 800,000 federal employees -- 25 percent of the federal workforce -- were affected through direct furloughs or requirements to work without pay. The remaining 75 percent of federal workers were not affected since Congress previously approved appropriations for their agencies. At the EPA, Acting Administrator Andrew Wheeler indicated his agency would proceed with orderly shutdown plans calling for 700 "essential" workers to stay on the job without pay, while 13,000 remaining employees would be furloughed. On Dec. 20, the Republican controlled House approved appropriations for all the affected agencies while also including the President's request for border wall funding. But the Senate adjourned the following day without taking up the bill since it did not have the 60 votes needed to pass. The impasse will likely intensify when the incoming Democratic-controlled House approves separate bills to open these agencies but without the border funding Trump wants. Negotiations between the two sides in Congress and the President will be needed to resolve the matter.

Infrastructure Rumbings: Despite the shutdown dispute, the President continues to say he wants to work with Democrats to pass on a major infrastructure bill in the new Congress. In December, top Republican and Democratic staff of the incoming House Transportation & Infrastructure Committee briefed a group of transportation lobbyists on some of the significant infrastructure challenges facing Congress and the Administration, holding out a measure of optimism that there could be a path for success provided that the Administration takes the lead on funding and that serious negotiations could be engaged within the first six months on 2019 -- tall orders for sure. The staffers noted that Committee hearings would begin early in the year focused largely on surface transportation issues and the need to bring solvency to the Highway Trust Fund, which faces a serious \$160 billion deficit hole in just two years if nothing is done. Committee staffers also said the issue of possibly restoring a process to allow Congressional earmarked funding would be discussed in the new Congress, where there is both considerable support and entrenched opposition.

DOT Announces BUILD Grants: In December, the US Department of Transportation announced its latest round BUILD grant awards (formerly TIGER grants). In all, 91 projects in 49 states received transportation grants totaling \$1.5 billion. Of these, 62 projects (59%) went to rural (as opposed to urban) areas. By prioritizing rural projects, DOT said it was re-balancing a ten-year historical underinvestment in rural communities. The grants were also touted as having contributed to the construction or refurbishment of over 200 bridges nationwide, and also addressed port infrastructure improvements in such states as Texas, Louisiana, Virginia and Maryland. Under the BUILD discretionary program, the maximum grant award is \$25 million, and the minimum is \$5 million in urban areas and \$1 million in rural areas.

DOT Announces Funding Available for New INFRA Grants: In December, the US Department of Transportation announced the expected availability of at least \$855 million for the next round of INFRA grants (formerly FASTLANE grants). These are grants for significant transportation projects addressing freight infrastructure that leverage federal funds and incentivize innovative strategies including public private partnerships. Large projects qualify for minimum grants of \$25 million, while small projects can receive minimum grants of \$5 million. Eligible INFRA project costs may include: reconstruction, rehabilitation, acquisition of property, environmental mitigation, construction contingencies, equipment acquisition and operational improvements directly related to system performance. In 2018, INFRA grants of nearly \$1.5 billion were awarded to 26 projects. Applications for grants in 2019 – subject to pending appropriations – are due on March 4, 2019.

White House Opportunity and Revitalization Council Established: In December, the President acted by executive order to form the “White House Opportunity and Revitalization Council” to coordinate federal activity, investments and programs to address needs in urban and economically distressed communities. The Council will be led by the Secretary of Housing & Urban Development and the Assistant to the President for Domestic Policy, with members from 15 agencies including the Environmental Protection Agency (EPA) and the White House Council on Environmental Quality (CEQ). The council will evaluate how agencies can prioritize support for urban and economically distressed areas, in their grants, financing and other assistance.

EPA Releases Proposal to Revise MATS Supplemental Cost Finding: The Environmental Protection Agency in December issued a revised Supplemental Cost Finding for the Mercury and Air Toxics Standards (MATS) as well as Clean Air Act-required “risk and technology review.” This action proposes to correct flaws in the Supplemental Finding and proposes to make a revised determination that it is not appropriate and necessary to regulate hazardous air pollutant emissions from coal- and oil-fired power plants. The Agency is arguing that a proper consideration of costs under Section 112 of the Clean Air Act would demonstrate that the costs of compliance with the MATS rule (up to \$9.6 billion annually) dwarfs the monetized benefits of the rule (up to only \$6 million annually.) EPA will take comment on the proposal for 60 days and will hold a public hearing on the issue.

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: December 28, 2018

Re: Federal Update

Issues of Interest to SCAQMD

Government Shutdown Update:

Nine Federal Departments and Agencies including the EPA, DOI, FDA and IRS have been shutdown for nearly one week so far, with no discernable end to the shutdown imminent. Both the House and Senate have adjourned until next week for legislative business, ensuring that the partial government shutdown drags on for at least 12 days. Sources continue to say that there have been no breakthroughs in negotiating a way to fund the nine federal departments that are without funding.

Many believe that the impasse cannot be resolved until January 3, when House Minority Leader Nancy Pelosi official assumes the role of speaker under a new Democratic majority. Until then, there is only a small chance that Senate Minority Leader Schumer can agree to a deal with the President, but negotiations are not occurring at this time.

Once Minority Leader Pelosi is sworn in, it is likely the Democrats will immediately work to pass a funding bill to put pressure on the Senate and Senate Majority Leader McConnell to follow suit. What remains to be finalized is the length of the proposed funding bill that will be introduced by House Democrats.

EPA Shutdown Update:

Unlike many of the other agencies, the EPA has remained open through the partial government shutdown so far by using leftover funding, but that funding is expected to run out by Friday, December 28, at which time the agency will begin orderly shutdown procedures.

House Democratic Committee Assignments Update

The House Steering and Policy Committee will continue work through January to assign Democrats to their respective committee postings. Of particular interest to SCAQMD, it is anticipated that assignments to the House Energy and Commerce Committee and the House Ways and Means Committee will be made in the first half of the month of January.

Select Committee on the Climate Crisis

Representative Kathy Castor (Florida) will chair a new select committee entitled the Select Committee on the Climate Crisis in the 116th Congress. In the 115th Congress, Castor was the Vice Ranking Member on the Energy and Commerce Committee which holds jurisdiction over matters relating to air quality in the House of Representatives. While Castor's leadership of the new select committee will help inform and move the debate on a variety matters related to clean air and environmental justice, the Committee is not expected to hold any formal legislative authority. Castor's endorsement of policy proposals though should carry additional weight given her role on the new select committee on the Climate Crisis.

Senate ENR Committee Democratic Update:

The Senate Energy and Natural Resources Committee will have two fewer Democrats on it next year according to Senate Minority Leader Chuck Schumer. Senators Tina Smith of Minnesota and Tammy Duckworth of Illinois will no longer serve on the energy panel and are not being replaced.

Senator Joe Manchin of West Virginia will take over as the ENR ranking Democrat. Senator Manchin's ascension to the Ranking Member position has caused a great deal of angst amongst environmental and liberal groups as he is a centrist and a pro-coal democrat, who many fear will cut unfavorable deals with the Committee Republicans.

Senator Manchin is also unlikely to move forward with any bold climate change legislation but has also signaled that he is willing to work on climate in recent statements. It will be very important for SCAQMD to meet with Senator Manchin and his staff in the near term as he begins his new tenure.

EPA Carbon Limits for Coal Plants Update:

The EPA is proposing to ease carbon dioxide limits placed on newly built coal-fired power plants, according to a coal industry source. The proposal revokes the Obama Administration's requirement that any new coal plant build in the U.S. utilize carbon capture and storage technology to meet stringent emissions requirements. That rule was known as the New Source Performance Standard and it was issued in 2016 alongside the Clean Power Plan, which the Trump administration is retooling significantly.

The EPA announcement was made alongside National Black Chamber of Commerce President and CEO Harry Alford. The group has argued that this rule and other Obama-era regulations raise electricity prices and disproportionately hurt minority communities.

EPA Review Glider Repeal:

EPA's inspector general will probe allegations by Senate Democrats that the agency underestimated the economic impacts of its proposed repeal of the emissions rule for glider trucks in order to avoid triggering additional regulatory requirements. Senators Tom Carper (D-Del.) and Tom Udall (D-N.M.) in October alleged that former Administrator Scott Pruitt and EPA skirted those orders. During interagency review, the proposal's economic impacts were dropped below the \$100 million threshold that would require the more detailed studies, they said, citing internal documents released by EPA.

Although the OIG stays out of policy fights, it can investigate whether the agency complied with executive orders when writing the repeal.

The OIG's memo makes no mention of other issues raised by the Democrats, including their complaints about EPA's use of an industry-funded study and Pruitt's decision to let glider manufacturers ignore a strict production cap. Acting Administrator Andrew Wheeler reversed that decision on the production cap following environmentalist lawsuits. The OIG is separately reviewing EPA's internal 2017 study of glider emissions following complaints from House Republicans.

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 – December 2018

DATE: Wednesday, January 2, 2019

On December 3, 2018, the Legislature convened an organizational, ceremonial swearing-in session to kick-off the 2019-2020 legislative session. The November 8 elections made serious changes to the California Legislature. The Legislature once again has a supermajority in both houses; The Assembly has 60 Democrats and 20 Republicans and the Senate has 29 Democrats and 11 Republicans.

January 7, 2019 marks the first day of session for the 2019-2020 legislative session. Additionally, Governor elect Gavin Newsome will be sworn-in on January 7, 2019 as the State's next Governor.

CAP-AND-TRADE

On December 13, 2018, the California Air Resources Board (CARB) amended the state's cap-and-trade program to streamline implementation and contain costs through 2030. The amendments set a ceiling on escalation of the price per ton for California companies in the program. This ceiling is designed to ensure the program continues to drive down greenhouse gases emissions while providing certainty about future costs.

In addition to a price ceiling on allowances, the amendments also ensure that California businesses stay competitive against out-of-state companies that do not have cap-and-trade obligations. The changes also implement statutory requirements to reduce the number of carbon offsets allowed after 2020.

The price ceiling prevents the price per ton for carbon emissions in California from rising without limit, especially as the cap on total emissions declines over time. This price control mechanism also includes separate reserves of allowances that will be made available beginning in 2021 at the reserve tiers. These reserve tiers are designed to prevent carbon allowance prices from rising too rapidly.

ALL ELECTRIC BUS FLEETS

On December 14, 2018, CARB approved a first-of-its-kind regulation that sets a statewide goal for public transit agencies to transition to 100% zero-emission bus fleets by 2040.

The Innovative Clean Transit regulation is part of a statewide effort to reduce emissions from the transportation sector, which accounts for 40% of climate-changing gas emissions and 80-90% of smog-forming pollutants. The transition to zero-emission technologies is essential to meeting California's air quality and climate goals.

Full implementation of the regulation is expected to reduce greenhouse gas emissions by 19 million metric tons from 2020 to 2050, which is equivalent to taking 4 million cars off the road. Further, it will reduce harmful tailpipe emissions (nitrogen oxides and particulate matter) by about 7,000 tons and 40 tons respectively during that same 30-year period.

Deployment of zero-emission buses is expected to accelerate rapidly in the coming years – from 153 buses today to 1,000 by 2020, based on the number of buses on order or that are otherwise planned for purchase by transit agencies. Altogether, public transit agencies operate about 12,000 buses statewide. To successfully transition to an all zero-emission bus fleet by 2040, each transit agency will submit a rollout plan under the regulation demonstrating how it plans to purchase clean buses, build out necessary infrastructure and train the required workforce. The rollout plans are due in 2020 for large transit agencies and in 2023 for small agencies.

Agencies will then follow a phased schedule from 2023 until 2029, by which date 100% of annual new bus purchases will be zero-emission. To encourage early action, the zero-emission purchase requirement would not start until 2025 if a minimum number of zero-emission bus purchases are made by the end of 2021.

2019 LEGISLATIVE CALENDAR

- Jan. 1 Statutes take effect
- Jan. 7 Legislature reconvenes
- Jan. 10 Budget must be submitted by Governor
- Jan. 21 Martin Luther King, Jr. Day.
- Jan. 25 Last day to submit bill requests to the Office of Legislative Counsel.
- Feb. 22 Last day for bills to be introduced
- Apr. 11 Spring Recess begins upon adjournment
- Apr. 22 Legislature reconvenes from Spring Recess
- Apr. 26 Last day for policy committees to meet and report to fiscal committees
fiscal bills introduced in their house
- May 3 Last day for policy committees to meet and report to the floor non-fiscal
bills introduced in their house
- May 10 Last day for policy committees to meet prior to June 3
- May 17 Last day for fiscal committees to meet and report to the floor bills
introduced in their house. Last day for fiscal committees to meet prior to June 3

- May 28-31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees
- May 31 Last day for each house to pass bills introduced in that house
- June 3 Committee meetings may resume
- June 15 Budget Bill must be passed by midnight
- July 10 Last day for policy committees to hear and report fiscal bills to fiscal committees
- July 12 Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment
- Aug. 12 Legislature reconvenes from Summer Recess
- Aug. 30 Last day for fiscal committees to meet and report bills
- Sept. 3-13 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees
- Sept. 6 Last day to amend bills on the floor
- Sept. 13 Last day for any bill to be passed. Interim Recess begins upon adjournment



THE
QUINTANA
CRUZ
COMPANY

January 1st, 2019

TO: South Coast Air Quality Management District

FROM: The Quintana Cruz Company

RE: December 2018 Report

GENERAL UPDATE:

- The Legislature is out of session
- **January 7th** the Legislature reconvenes

ADMINISTRATION ITEMS OF NOTE:

- Gavin Newsom has hired the following key staff:
 - Ann O'Leary (Chief of Staff)
 - Ana Matosantos (Cabinet Secretary)
 - Jason Elliott (Chief Deputy Cabinet Secretary)
 - Priscilla Cheng (Director of External Affairs)
 - Daniel Zingale (Senior Advisor, Strategic Communications)
 - Nathan Click (Spokesman & Director of Public Affairs)
 - Angie Wei (Chief Deputy Cabinet Secretary, Policy Development)
 - Maricela Rodriguez (Director, Civic Engagement & Strategic Partnerships)
 - John Masterson (Constituent Affairs Assistant)



CALIFORNIA ADVISORS, LLC

SCAQMD Report
California Advisors, LLC
January 2, 2019 Legislative Committee Hearing

General Update

As we begin the new year we are monitoring how the Governor-elect Newsom will staff dozens of key administration position. We are also actively awaiting the introductions of hundreds of new bills that will signal the legislative priorities for the new year.

Regarding Governor Newsom, he has yet to name any advisors in the environmental sector. However, he has named his first five staff. Ann O'Leary will serve as Chief of Staff and Ana Matosantos as Cabinet Secretary. Under Ana will be Angie Wei as Chief Deputy Cabinet Secretary for policy development (formerly from CA Labor Federation) and Jason Elliot as Chief Deputy Cabinet Secretary for executive branch operations (former COS to SF Mayor Ed Lee). Finally, Newsom has appointed Anthony Williams as head of all legislation. Anthony formerly was Legislative Director for then Pro Tem Steinberg before running government affairs for Boeing. With Newsom being sworn in as Governor on January 7 and releasing his initial proposed budget on January 10, a flurry of new appointments is expected soon.

Committee Membership Changes

Legislative leadership recently announced new committee Chairs and memberships. Many committees have grown substantially in size and others are now even number memberships.

On the Assembly list, a few key takeaways are that Laura Friedman (D-Glendale) is now chair of Natural Resources, which will hear all air quality related bills. Assemblyman Richard Bloom (D-Santa Monica) will remain chair of Budget Sub 3, which handles all air quality and resource issues. AQMD's sales tax authority bill will likely be heard in Assembly Local Government Committee and/or the Assembly Elections and Redistricting Committee. Those committees will be chaired by Asm. Marc Berman (D-Palo Alto) and Asm. Cecilia Aguiar-Curry (D-Winters), respectively.

On the Senate side, Sen. Ben Allen (D-Santa Monica) is now Chair of Senate Environmental Quality Committee, which hears all bills related to air quality. AQMD's sales tax authority bill will likely be heard in Senate Governance and Finance Committee and/or the Senate Elections and Constitutional Amendments Committee.

Those committees will be chaired by Sen. Mike McGuire (D-Healdsburg) and Sen. Tom Umberg (D-Santa Ana), respectively. Below is a list of key Senate committee chairs:

SENATE:

Appropriations: Sen. Anthony Portantino, Chair; Sen. Patricia Bates, Vice Chair

Budget and Fiscal Review: Sen. Holly Mitchell, Chair; Sen. Jim Nielsen, Vice Chair

Elections and Constitutional Amendments: Sen. Thomas Umberg, Chair; Sen. Jim Nielsen, Vice Chair.

Energy, Utilities and Communications: Sen. Ben Hueso, Chair; Sen. John Moorlach, Vice Chair.

Environmental Quality: Sen. Ben Allen, Chair; Sen. Patricia Bates, Vice Chair.

Governance and Finance: Sen. Mike McGuire, Chair; Sen. John Moorlach, Vice Chair.

Governmental Organization: Sen. Bill Dodd, Chair; Sen. Scott Wilk, Vice Chair.

Natural Resources and Water: Sen. Henry Stern, Chair; Sen. Brian Jones, Vice Chair.

Rules: Pro Tem Toni Atkins, Chair; Sen. Scott Wilk, Vice Chair.

Transportation (new committee): Sen. Jim Beall, Chair; Sen. Shannon Grove, Vice Chair.

Budget Subcommittee #2 on Resources, Environmental Protection, Energy and Transportation: Sen. Bob Wieckowski, Chair

2019 Legislative Priorities

Sales Tax Ballot Initiative Authorization

California Advisors continues preparation for the introduction of AQMD's priority legislation in 2019 related to sales tax authority. We have facilitated dozens of meetings with legislators and their staff as well as interest groups that may be supportive of our efforts. These meetings thus far have been very positive and we will continue to facilitate these conversations in the new year as we prepare to introduce the legislation by the February 22nd deadline.

ATTACHMENT 4

Assembly/Senate Bill No. _____ [DRAFT]

An act to amend Section 40424.5, and to add Sections 40424.7, 40490, 40495 to the Health and Safety Code; and to add Article 9 (commencing with Section 40550) to Chapter 5.5 of Part 3 of Division 26 of the Health and Safety Code; and to add Section 7252.3 to the Revenue and Taxation Code, and to add Sections 9314.5, and 317.5 to the Elections Code; relating to ballot measures and initiatives for transactions and use taxes for air quality purposes.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 40424.5 of the Health and Safety Code is amended to read:

40424.5. Except as provided in Section 40424.7, voting by the south coast district board on the adoption of all items on its agenda shall be by rollcall. Unless any board member objects, a substitute rollcall may be used on any agenda item. A substitute rollcall shall consist of a unanimous voice vote of the south coast district board members in attendance and shall be recorded by the clerk of the board as an “aye” vote for all members present. For purposes of this section, any consent calendar is a single item.

SECTION 2. Section 40424.7 is added to the Health and Safety Code, to read:

40424.7 (a) An ordinance solely related to the imposition of transactions and use taxes authorized by, and using procedures set forth in, this code, the Revenue and Taxations Code, and Article 1 (commencing with Section 9300) of Chapter 4 of Division 9 of the Elections Code, may be enacted in the south coast district by means of a ballot measure (i) approved by the south coast district board and placed on the ballot for subsequent approval by the voters, or (ii) placed on the ballot by a voter initiative for subsequent approval by the voters.

(b) Ordinances not related to transactions and use taxes shall not be enacted in the south coast district.

SECTION 3. Section 40490 is added to the Health and Safety Code, to read:

40490. (a) The south coast district board shall appoint a district election official for the purpose of overseeing, supervising, or conducting an election regarding voter approval of a ballot measure for the enactment, modification, or amendment of a transactions and use tax ordinance that is submitted to the voters by the board, without a petition, or by means of a qualified voter initiative.

(b) The district elections official shall oversee, supervise or conduct such elections specified in subdivision (a) as authorized by this code and shall utilize the applicable procedures set forth in Article 1 (commencing with Section 9300) of Chapter 4 of Division 9 of the Elections Code.

SECTION 4. Section 40495 is added to the Health and Safety Code, to read:

40495. (a) The south coast district board may submit a resolution to the board of supervisors of a county that is entirely or partly within the district to provide services that are reasonable and necessary to conduct an election in the district. Upon the presentation of such resolution by the district board, the county elections official shall provide such services to the district, and such services shall be performed by the county elections official in coordination and consultation with the district's election official. The resolution of the south coast district board shall specify the services requested.

(b) If the south coast district board submits a resolution to a county that is entirely or partly within the district to direct the county elections official to prepare the district's election materials or provide other services, the county elections official shall work with the district's election official to set and finalize a list of its precincts, or consolidated precincts, as applicable, not later than 61 days before the election.

(c) Unless other arrangements satisfactory to an individual county has been made, the south coast district shall reimburse each county in full for the reasonable cost of the services performed by the county's election official upon presentation of a bill to the district.

SECTION 5. Article 9 (commencing with Section 40550) is added to Chapter 5.5 of Part 3 of Division 26 of the Health and Safety Code, to read:

ARTICLE 9. Transactions and Use Tax

40550. The Legislature, by the enactment of this article, intends that the south coast district use any funds provided by this article to supplement existing revenues being used for district purposes. All funds received by the south coast district pursuant to this article shall be used for financial incentives and programs to accelerate the deployment of lower-emission mobile and stationary equipment, along with alternative fueling and charging infrastructure, as necessary to implement the district's 2016 Air Quality Management Plan and subsequent district-adopted plans to achieve the state and national ambient air quality standards, except that up to 6.25% of total revenues may be used for administrative costs of implementing the programs authorized by this provision.

40560. Notwithstanding any other provision of law, a transactions and use tax ordinance applicable in the south coast district may be imposed throughout the entire district for specific purposes at a rate of up to 1 percent, that may, in combination with all taxes imposed in accordance with the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of the Revenue and Taxation Code), exceed the limit established by Section 7251.1 of the Revenue and Taxation Code, if all of the following requirements are met:

(a) An ordinance proposing the transactions and use tax is either adopted by (i) a majority vote of the south coast district board with subsequent submission to the electorate and approval by the

voters pursuant to the applicable voter approval requirement, or (ii) a voter initiative submitted to the electorate and approved by the voters pursuant to the applicable voter approval requirement.

(b) The transactions and use tax conforms to this article and the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of the Revenue and Taxation Code), other than Section 7251.1 of the Revenue and Taxation Code.

40565. A transactions and use tax ordinance may set a term during which the tax may be imposed.

40566. The district shall ensure that, averaged over three years, a minimum of 50% of the funds used for financial incentives are awarded to projects located in, and/or benefiting individuals living in, disadvantaged communities, as identified pursuant Health & Safety Code Section 39711.

40567. In awarding contracts distributing the financial incentives, the district shall provide a preference for any project using equipment that is manufactured or assembled within the district.

40568. Funds available pursuant to this article shall not be allocated for the purchase of fully automated cargo handling equipment. For the purposes of this section, “fully automated” means equipment that is remotely operated or remotely monitored, with or without the exercise of human intervention or control. This section does not prohibit the use of the funds for a project that includes the purchase of human-operated zero-emission equipment, human-operated near-zero-emission equipment, infrastructure supporting that human-operated equipment, or other technologies that increase freight efficiencies in the human-operated equipment. Furthermore, this section does not prohibit the purchase of devices that support that human-operated equipment, including equipment to evaluate the utilization and environmental benefit of human-operated equipment.

40569. Beginning the year after the first calendar year in which funds are made available to the district pursuant to this article, the district shall include in its report to the legislature required by Health and Safety Code Section 40452 a report of the projects funded for the previous year and the expected emission reductions to be obtained from those projects.

40570. (a) Each of the counties which are situated in whole or in part within the south coast district shall conduct an election called by the south coast district board for the submission of a transactions and use tax to the electorate of the district for approval.

(b) Unless otherwise specifically provided, the election shall be called by the south coast district board and conducted by each county in the same manner as provided by the Elections Code for the conduct of elections for districts.

40573. (a) The regular election date for the south coast district shall be the date of the statewide general election as provided in Section 1200 of the Elections Code. Such election shall be consolidated with the statewide general election.

40574. (a) Whenever an election is called by the south coast district board, the question or proposition is to appear upon the same ballot as that provided for the statewide general election. The district shall, at least 88 days prior to the date of the election, file with the board of supervisors of each county that is within or partly within the district, with a copy to each county's election official, a resolution of the south coast district board that does all of the following:

(1) Sets forth the exact form of the question or proposition to be voted upon at the election, as it is to appear on the ballot. The question or proposition to appear on the ballot shall conform to the Election Code provisions governing the wording of propositions submitted to the voters at a statewide election.

(2) Acknowledges that the consolidated election will be held and conducted in the manner prescribed in Section 10418 of the Elections Code.

(b) The resolution regarding the form of the question or proposition and consolidation shall be adopted and filed at the same time as the adoption of the ordinance, resolution, or order calling the election.

40575. (a) The returns of the election provided for in this Article and the Elections Code shall be made, and the votes shall be canvassed, by the county elections official in each county contained in the south coast district within (30) days after holding the election, and the county elections officials shall certify the results of the election in each of their respective counties, and shall present such certified results to the district elections official for presentation to the board of the south coast district.

(b) The returns of the election, the method of canvassing, and the results thereof shall be designated and declared in accordance with Section 10418 of the Elections Code.

40580. (a) Any transactions and use tax ordinance adopted pursuant to this article shall be operative on the first day of the first calendar quarter commencing more than 110 days after the adoption of the ordinance.

(b) Prior to the operative date of the ordinance, the California Department of Tax and Fee Administration, or such other state agency as provided by law, shall contract with the south coast district to perform all functions incident to the administration and operation of the ordinance.

SECTION 6. Section 7252.3 is added to the Revenue and Taxation Code, to read:

7252.3. "District," as used in this part, also means the South Coast Air Quality Management District, if authorized to impose transactions and use taxes pursuant to this part. This section shall remain in effect as long as Article 9 (commencing with Section 40600) of the Health and Safety Code remains in effect, but shall be repealed upon the repeal of that article.

SECTION 7. Section 9314.5 is added to the Elections Code, to read:

9314.5. (a) As used in this section:

(1) “South coast district” means the South Coast Air Quality Management District as authorized pursuant to Chapter 5.5 (commencing with Section 40400) of Part 3 of Division 26 of the Health and Safety Code.

(2) “Legal counsel for the south coast district” means the attorney designated under the district’s conflict of interest code as its legal officer pursuant to Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 of the Government Code.

(b) Whenever a ballot measure is submitted to the voters of the south coast district, the district elections official shall transmit a copy of the measure to the legal counsel of the south coast district. Except as otherwise provided in subdivision (c), the legal counsel for the south coast district shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure. The analysis shall include a statement indicating whether the measure was placed on the ballot by a petition signed by the requisite number of voters or by the governing body of the south coast district without a petition. The analysis shall be printed in the voter information guide preceding the arguments for and against the measure. The analysis shall not exceed 500 words in length.

If the entire text of the measure is not printed on the ballot nor in the voter information guide, there shall be printed immediately below the impartial analysis, in not less than 10-point bold type, a legend substantially as follows:

“The above statement is an impartial analysis of Ordinance or Measure _____. If you desire a copy of the ordinance or measure, please call the district elections official’s office at (insert telephone number) and a copy will be mailed at no cost to you.”

(c) If there is no legal counsel for the south coast district, or if the legal counsel for the south coast district and county counsel of the county that contains the largest number of registered voters of the district agree, county counsel shall prepare the impartial analysis.

(d) This section shall remain in effect as long as Article 9 (commencing with Section 40600) of Chapter 5.5 of Part 3 of Division 26 of the Health and Safety Code remains in effect, but shall be repealed upon the repeal of that article.

SECTION 8. Section 317.5 is added to Chapter 4 of Division 0.5 of the Elections Code to read:

317.5. “District” for purposes of Section 1405 of this code, and for purposes of initiative under Article 1 (commencing with Section 9300) of Chapter 4 of Division 9, includes the South Coast Air Quality Management District, as authorized pursuant to Chapter 5.5 (commencing with Section 40400) of Part 3 of Division 26 of the Health and Safety Code.