

BOARD MEETING DATE: September 4, 2020

AGENDA NO. 23

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting remotely on Friday, August 14, 2020. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
AB 1714 (Aguiar-Curry) Emissions limitations: wine fermentation	Continue
SB 662 (Archuleta) Energy: transportation sector: hydrogen	Support

RECOMMENDED ACTION:

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

Judith Mitchell, Chair
Legislative Committee

DJA:FW:LTO:PFC:sd:lam:ar

Committee Members

Present: Council Member Judith Mitchell/Chair
Dr. William A. Burke
Council Member Joe Buscaino/Vice Chair
Senator Vanessa Delgado (Ret.)
Supervisor V. Manuel Perez
Supervisor Janice Rutherford

Absent: None

Call to Order

Chair Mitchell called the meeting to order at 9:01 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues

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

Dave Ramey of Kadesh and Associates reported that both the House and Senate are out of session, but on 24 to 48-hour notice to return to D.C. if needed for COVID-19 legislation. The main areas to resolve in the COVID relief bill are unemployment benefits, assistance for state and local government, the next round of direct payments, and liability protection. The California Delegation has been active, especially Representative Garamendi and Senator Harris on the special districts bill to provide funding assistance to agencies like South Coast AQMD.

Gary Hoitsma of the Carmen Group focused on the surface transportation reauthorization. The House passed a partisan Infrastructure bill which includes the transportation reauthorization but the bill is not viable in the Senate. The Senate Environment and Public Works Committee unanimously passed a bipartisan surface transportation bill, but the other key Senate Committees including Finance and Commerce have not taken action. The Administration has its own draft version of a surface transportation bill, but has not yet made it public. The consensus is that Congress will pass a six-month to one-year extension of the current surface transportation programs before their expiration on September 30, 2020.

Jed Dearborn of Cassidy and Associates reported on the status of Fiscal Year (FY) 2021 Appropriations. The House and Senate are working on two different tracks. The House has passed two packages of appropriations bills known as "Minibuses" which include \$90 million for the Diesel Emission Reduction Act (DERA) program and an additional \$450 million under Additional Infrastructure Investments for DERA. The bill also includes \$57.3 million for the 10 worst non-attainment areas under the Targeted Airshed Grants program. The Senate is still working at the staff level on Appropriation bills. Issues of concern in the Senate are police reform and ensuring that there is not overlap with the COVID relief bill. The Senate is expected to begin work when they return in September, and it is likely that there will be Continuing Resolutions to extend current funding levels through the November election or into the next year.

There was no public comment.

2. Update on State Legislative Issues

South Coast AQMD's state legislative consultants (Joe A. Gonsalves & Son, Resolute, and California Advisors, LLC) each provided written reports on various key issues in Sacramento.

Mr. Paul Gonsalves of Joe A. Gonsalves & Son reported that the state Legislature will adjourn its legislative session on August 31. The last day for policy committees to meet is August 14 in the Assembly and in the Senate it is August 18. The last day for appropriations committees in both houses to meet is August 21. The last day for bills to be amended on the floor in the Assembly is August 24 and in the Senate it is August 26. There will be floor session only in both houses from August 24 to August 31, and the Governor will have until September 30 to take actions on bills. The Assembly sent over approximately 500 bills to the Senate for consideration, and the Senate sent about 200 bills to the Assembly this year.

Supervisor Perez inquired about the proposed economic stimulus plan. Mr. Gonsalves responded that another consultant would provide information on that item.

Mr. David Quintana of Resolute informed the Committee that the Governor's Legislative Secretary, Anthony Williams, submitted his resignation to be effective September 1. Ms. Angie Wei will serve as the Governor's interim Legislative Secretary. He also reported that he has been in contact with the Governor's office, Senator Robert Hertzberg and Senator Ben Allen regarding a joint-economic stimulus package to be potentially released on August 17, pending continued discussions on funding priorities. Senate President Pro Tempore Toni Atkins' staff indicated that they do not foresee additional funding for air districts for the AB 617 program from the Greenhouse Gas Reduction Fund being added to any budget trailer bills this year.

Mr. Ross Buckley of California Advisors, LLC reported on tension between the Senate and Assembly that has occurred in part because of a condensed legislative calendar resulting from COVID-19 safety precautions. Legislators made inconsistent efforts to eliminate non-priority bills from their bill packages, resulting in an uneven number of bills being sent to each of the houses. The Senate made it clear that numerous Assembly bills would not be set for hearing. Tension between leadership in both houses grew and some committee hearings were cancelled. It is anticipated that numerous bills will be held in fiscal committees due to budget concerns, further lowering the overall bill count.

Two bills relating to the use of backup generators, SB 1099 (Dodd) and SB 1185 (Moorlach), which were actively opposed by South Coast AQMD through extensive lobbying efforts, will not be moving forward this year.

There was no public comment.

3. Update on Legislation Regarding Voting District Authorization for Clean Air

Mr. Derrick Alatorre, Deputy Executive Officer of Legislative, Public Affairs & Media stated that there was no update on the South Coast AQMD-sponsored legislation that would authorize a voting district within the South Coast region. He recommended that the item be removed from the Legislative Committee agenda going forward, as the bill is not viable in 2020.

There was no public comment.

4. ACTION ITEM:

Recommend Position on State Bills:

Mr. Alatorre provided a status update on AB 1714 (Aguiar-Curry) and SB 662 (Archuleta). Committee staff in Sacramento have indicated that these bills will not be set for hearing. Neither bill is expected to move forward this year. However, it is still possible for the bills to be revived if a future rule waiver were to be granted. Therefore these bills were kept on the Legislative Committee agenda as a precaution.

Supervisor Perez asked if the bills were a priority for the authors. Mr. Alatorre responded that he did not believe that these are priority bills for the authors, but added that AB 1714 (Aguiar-Curry) was somewhat of a priority for Senate President Pro Tempore Atkins even though she is not the bill author. Supervisor Perez commented that if the bills are priority bills, there is a slight chance that they receive a rule waiver.

AB 1714 (Aguiar-Curry) Emissions limitations: wine fermentation

Ms. Denise Peralta Gailey, Public Affairs Manager, Legislative, Public Affairs & Media, presented AB 1714 to the Committee. The bill, sponsored by the Wine Institute, would require CARB to establish a working group to review the state of air pollution control technologies. The bill would require air districts in the adoption of a rule or issuance of a permit on winery fermentation tanks, to include various findings, including impacts to: quality, style, sanitation and the marketability of the wine. The bill would also require CARB to allocate \$1 million to the University of California Davis (UC Davis) for a study that makes recommendations on options for addressing air emissions from winery fermentation tanks.

The bill is opposed by the California Air Pollution Control Officers Association (CAPCOA), Coalition for Clean Air, the American Lung Association and other environmental and health organizations. Further, this bill undermines air district rulemaking authority.

Chair Mitchell inquired if the funding to be provided by CARB for the UC Davis study would be upon appropriation by the Legislature. Ms. Peralta Gailey responded in the affirmative.

Senator Delgado inquired about the bill's support and opposition. Mr. Philip Crabbe, Public Affairs Manager, Legislative, Public Affairs & Media, responded that AB 1714 is a two-year bill that was amended, and the policy committee in Sacramento does not have an updated support or opposition list. However, the Wine Institute and wine interests are supporting the bill and it is opposed by CAPCOA and other environmental groups. Ms. Peralta Gailey added that the bill is opposed by the American Lung Association, California Environmental Justice Alliance, Coalition for Clean Air, Central California Asthma Collaborative, Central Valley Air Quality Coalition, Environment California, Sierra Club, Regional Asthma Management and Prevention, Leadership Counsel for Justice and Accountability, Earthjustice, CAPCOA and the Bay Area Air Quality Management District. Senator Delgado stated that without a full list of supporters, and without a complete understanding of the author's intent, she was not comfortable voting on position for the bill. Especially since it is unlikely to move forward this year. Councilmember Buscaino suggested that a motion be made to continue the item, and the bill can be watched. Senator Delgado responded positively to the suggestion to continue the item.

Chair Mitchell asked staff it would be problematic to continue the item. Mr. Alatorre responded that the bill is a two-year bill; the author has until the end of January 2021 to move the bill forward.

There was no public comment.

Staff recommended an "OPPOSE" position on this bill. Motion made to CONTINUE the bill.

Moved by Delgado; seconded by Buscaino; unanimously approved

Ayes: Burke, Buscaino, Delgado, Mitchell, Perez, Rutherford

Noes: None

Abstain: None

Absent: None

SB 662 (Archuleta) Energy: transportation sector: hydrogen

Mr. Crabbe presented SB 662 to the Committee. This bill would revise the definition of "transportation electrification" to include the use of renewable hydrogen when

used as a transportation fuel in fuel cell electric vehicles. SB 662 would also set a progressive standard for the decarbonization of hydrogen transportation fuel that mirrors requirements for the decarbonization set for electricity under SB 100 (De Leon, 2018), in order to ensure that renewable hydrogen investments are at least as clean as those in battery-electric technologies, and become progressively cleaner at the same pace as the electrical grid.

State law requires the PUC to direct electrical investor owned utilities (IOUs) to invest in the electrification of the transportation sector. They are required to invest hundreds of millions of dollars in programs that “accelerate widespread transportation electrification.” However, no such program exists for the state’s gas utilities with respect to funding infrastructure projects to distribute zero-emission, renewable hydrogen transportation fuels. This bill would allow gas IOUs to invest in distribution infrastructure for hydrogen transportation fuel to accelerate the electrification of the transportation sector in California.

Overall, this bill is in line with South Coast AQMD’s mission to protect public health, reduce criteria pollutant and toxic emissions, promote clean technology and attain federal air quality standards within the South Coast.

Mr. Harvey Eder commented about previous legislation that required at least one third of hydrogen used to come from solar renewables. Mr. Eder asked that solar renewables be part of SB 662.

Chair Mitchell sought confirmation from staff that SB 662 involved renewable requirements. Mr. Crabbe responded in the affirmative and explained that SB 662 would set a progressive standard for the decarbonization of hydrogen transportation fuel that mirrors requirements set for the decarbonization of electricity. This would lead to 100 percent renewable hydrogen transportation fuel.

Staff recommended a “SUPPORT” position on this bill.

Moved by Perez; seconded by Buscaino; unanimously approved

Ayes: Burke, Buscaino, Delgado, Mitchell, Perez, Rutherford

Noes: None

Abstain: None

Absent: None

OTHER MATTERS:

5. Other Business

Supervisor Rutherford inquired as to whether the Legislative Committee was going to have input in the RFP process relating to South Coast AQMD state legislative consultants. Mr. Alatorre responded that, as in the past, this issue would be heard by the Administrative Committee. Chair Mitchell stated that Legislative Committee

members are welcome to attend and provide input at the Administrative Committee meeting for this issue.

6. Public Comment Period

Mr. Harvey Eder commented about the need for solar power and equity for people with low income, the negative impacts of climate change, and opposition to renewable natural gas.

Dr. Burke expressed concerns about natural gas' role in the world's diminishing ice caps and asked if staff could consider evaluating this issue.

Chair Mitchell also expressed similar concerns about natural gas and expressed support for an increased use of renewable natural gas and renewable hydrogen.

7. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, September 11, 2020 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:47 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Recommend Position on State Bills

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING (VIA ZOOM) ATTENDANCE RECORD – August 14, 2020

Dr. William A. Burke.....	South Coast AQMD Board Member
Council Member, Joe Buscaino	South Coast AQMD Board Member
Senator Vanessa Delgado (Ret.)	South Coast AQMD Board Member
Council Member, Judith Mitchell	South Coast AQMD Board Member
Supervisor V. Manuel Perez	South Coast AQMD Board Member
Supervisor Janice Rutherford.....	South Coast AQMD Board Member
Jacob Haik.....	Board Consultant (Buscaino)
Fred Minassian.....	Board Consultant (Mitchell)
Andrew Silva	Board Consultant (Rutherford)
Mark Taylor	Deputy Chief of Staff (Rutherford)
Ross Buckley	California Advisors, LLC
Jed Dearborn	Cassidy & Associates
Paul Gonsalves	Joe A. Gonsalves & Son
Gary Hoitsma	Carmen Group, Inc.
David Quintana	Resolute
Dave Ramey.....	Kadesh & Associates
Mark Abramowitz	
Stephanie Bream	
Betsy Brien	
Curtis Coleman	Southern California Air Quality Alliance
Harvey Eder	Public Solar Power Coalition
Frank Forbes	
Thomas Jelenic	Pacific Merchant Shipping Association
Frances Keeler	CCEEB
Bill LaMarr	California Small Business Alliance
Erick Martell	
Bridget McCann	
Margo Parks	
Marisa Perez	
David Rothbart	
Peter Whittingham	Whittingham Public Affairs Advisors
Tammy Yamasaki	
Derrick Alatorre.....	South Coast AQMD Staff
Jason Aspell	South Coast AQMD Staff
Barbara Baird.....	South Coast AQMD Staff
Naveen Berry	South Coast AQMD Staff
Danietra Brown	South Coast AQMD Staff
Philip Crabbe	South Coast AQMD Staff
Stacy Day	South Coast AQMD Staff
Amir Dejbakhsh.....	South Coast AQMD Staff
Philip Fine.....	South Coast AQMD Staff
Bayron Gilchrist	South Coast AQMD Staff
Sheri Hanizavareh.....	South Coast AQMD Staff

Mark HenningerSouth Coast AQMD Staff
Sujata JainSouth Coast AQMD Staff
Terrence MannSouth Coast AQMD Staff
Matt MiyasatoSouth Coast AQMD Staff
Ron MoskowitzSouth Coast AQMD Staff
Wayne NastriSouth Coast AQMD Staff
Stephano PadillaSouth Coast AQMD Staff
Denise Peralta-GaileySouth Coast AQMD Staff
Sarah Rees.....South Coast AQMD Staff
Ricardo RiveraSouth Coast AQMD Staff
Nicole RuelasSouth Coast AQMD Staff
Lisa Tanaka O'MalleySouth Coast AQMD Staff
Aisha ReyesSouth Coast AQMD Staff
Fabian WessonSouth Coast AQMD Staff
Jill Whynot.....South Coast AQMD Staff
William Wong.....South Coast AQMD Staff
Paul WrightSouth Coast AQMD Staff

ATTACHMENT 2

South Coast AQMD Report for the August 2020 Legislative Meeting covering June/July 2020 Kadesh & Associates

June and July-

June featured the House conducting virtual hearings and markups session for all but four days at the end of the month when House floor votes were held under new, proxy voting procedures. The Senate was in session all four weeks of June. In July, the House conducted two weeks of highly compressed markups on Fiscal Year (FY)21 Appropriations and then met for floor votes the last two weeks of the month primarily to consider appropriations bills and the FY21 defense authorization bill. The Senate was in recess for the first half of the month and then returned for the latter half of July.

Pending Business-

Both houses of Congress have said that they hope and expect to adjourn after the first week of August for the traditional August recess period and return after Labor Day. The overarching pending business is the next and last COVID 19 relief package. Speaker Pelosi has said that the House will not adjourn until that package is passed into law.

Activity Summary-

We worked with South Coast AQMD staff on developing a funding request for air pollution agencies for any infrastructure/stimulus/appropriations legislative vehicle that may develop. Along with South Coast AQMD Executive staff we conceived, developed and delivered two letters on air quality seeking funding in the upcoming COVID 19 bill or stimulus/appropriations bills. The first is from the California Air Pollution Control Officers Association (CAPCOA) and the second is signed by South Coast AQMD, Bay Area AQMD, San Joaquin Valley APCD, Sacramento Metropolitan AQMD and the County of San Diego APCD. We have worked with Representative Garamendi's office and Senator Harris' office on Special Districts legislation and on removing the prohibition on state and local units of government from using Tax Credits for repayment to employers (i.e. South Coast AQMD) for mandated paid Emergency Sick Leave and Emergency Family Leave. We continue to pursue robust funding levels for programs of interest to South Coast AQMD such as DERA, Targeted Airshed Grants and Section 103/105. June saw Representative DeSaulnier's Clean Corridors legislation successfully passed in the House as part of a larger infrastructure bill. We worked with Representative Barragan's office in her successful initiative to add \$1 million to the Targeted Airshed Grants account via an amendment offered on the House floor.

FY21 Appropriations-

As COVID-19 issues consume the legislative agenda and complicate committee work on Capitol Hill, House and Senate appropriators have taken different paths. The House has completed Full Committee markup of all 12 annual House Appropriations bills and finished House floor consideration of ten of those. (The Homeland Security and Legislative Branch vehicles remain.) The Senate had originally planned to mark up almost all the bills before the July Fourth recess but has not met that ambitious schedule. Given that 2020 is an election year, it is virtually certain that the federal government will be funded by two or more Continuing Resolutions until December or into early (i.e. February-March) 2021.

The two-year budget deal signed last summer, H.R. 3877, cemented \$632 billion in nondefense funding this fiscal year, with a \$2.5 billion increase for fiscal 2021, which begins on Oct. 1. House and Senate appropriators must figure out how to divvy up that \$634.5 billion, distributing the additional \$2.5 billion to domestic programs across the federal government — many of which are expecting at least a slight funding boost. If appropriators want to provide more money for veterans' health within the caps, it would have to come at the expense of other domestic programs. Hence, it is has developed that the caps will be broken, either formally, or by declaring certain expenditures “emergency” and/or COVID-related as the House did in each of its appropriations bill by adding a special, emergency title to each bill. What follows in italics is from the FY21 House Interior/EPA Appropriations Bill:

Diesel Emissions Reductions Grants (DERA): The Committee recommends \$90,000,000 for DERA grants. More than 10 million older, heavily polluting diesel engines remain in use that have yet to be retrofitted, repowered, or replaced, and over one million are expected to remain in use in 2030. For fiscal year 2021, the Committee directs EPA to continue to make at least 70 percent of DERA grants available to improve air quality in non-attainment areas.

(Under State and Tribal Assistance Grants) Diesel Emissions Reductions Grants (DERA): The Committee recommends an additional \$450,000,000 for DERA grants and waives state grant loan matching requirements.

Targeted Airshed Grants: The Committee recommends \$56,306,000 for targeted airshed grants to reduce particulate matter 2.5 and ozone air pollution in non-attainment areas. Funding should be targeted to the 10 most heavily polluted areas, and projects that provide the most significant air quality improvements, greatest population-level health benefits, and that provide significant benefits to overburdened communities should be given the highest priority.

State and Local Air Quality Management Grants (used for planning and/or implementation) aka Section 103/105 is \$253m for FY21 in the House Appropriations bill.

We follow several programs in these appropriations bills for the South Coast AQMD: DERA, targeted airshed grants, and funding for the 103/105 programs. This year, given that the Senate has not moved their FY21 appropriations bills, it is unclear when and how the final funding levels for all three of these programs will ultimately be decided, though the two likely scenarios are in a lame duck session after the November 3 elections or in February/March 2021 -- at the beginning of the 117th Congress -- following two or more Continuing Resolutions (CRs). We will continue to work with AQMD staff to obtain the maximum funding for each.

	FY19 Final	FY20 House	FY20 Senate	FY20 Final	FY21 House
DERA	\$87 million	\$55 million	\$85 million	\$87 million	\$90 million
Targeted Airshed G	\$52 million	\$30 million	\$56 million	\$56.3 million	\$56.3 million
103/105	\$228 million	\$238 million	\$220 million	\$228 million	\$253 million

Clean Corridors legislation – Representative DeSaulnier and H.R. 2-

The House passed H.R. 2, the “Moving Forward Act,” on a party line vote of 233 – 188 on July 1. The underlying bill included House Transportation & Infrastructure’s (T&I’s) surface transportation reauthorization (“INVEST in America Act”) and a version of Representative DeSaulnier’s Clean Corridors Act. As introduced, The Clean Corridors Act (H.R. 2616) would direct \$3 billion in federal

dollars over the coming decade to construct and install infrastructure to support technologies like hydrogen fuel cell and electric battery-powered vehicles.

As adopted in H.R. 2 as Sec. 1303, Grants for Charging and Fueling Infrastructure to Modernization and Reconnect America for the 21st Century, provides \$1.4B over four years (FY22 – FY25) for competitive grants to deploy electric vehicle charging infrastructure, natural gas fueling, propane fueling, and hydrogen fueling infrastructure along designated Alternative Fuel Corridors that will be accessible to all drivers of electric vehicles, natural gas vehicles, propane vehicles, and hydrogen vehicles. South Coast and Bay Area AQMDs jointly proposed and lobbied on amendment DeSaulnier #83 which was adopted. It targets the Clean Corridors funds in a manner to help goods movement areas, to wit establishing as goals of the program:

“reducing greenhouse gas emissions in established goods-movement corridors, locations serving first- and last-mile freight near ports and freight hubs, and locations that optimize infrastructure networks and reduce hazardous air pollutants in communities disproportionately impacted by such pollutants;”

Next and Final COVID 19 Relief bill: HEROES Act vs. SMART Fund Act vs. HEALS Act-
On May 15 House Democrats passed an 1,800 page, \$3+ trillion COVID 19 response package, H.R. 6800. Senate Republican Leader Mitch McConnell points out that half of the CARES Act funding has yet to be distributed, but he concurs that there will be another package. Senate Republicans have introduced several bills which, when taken together comprise their \$1 trillion response. McConnell is seeking liability protection for employers while stating that cases of gross negligence and intentional behavior would still be subject to legal action by employees and/or customers. Another issue for McConnell is to revisit federal Unemployment Insurance which ends in July and, McConnell believes, is too high.

The main points of negotiation will be:

- 1- The overall funding level (House is at \$3.5t and Senate GOP/Administration is at about \$1t).
- 2- Unemployment Insurance extension and level of federal support (currently \$600/week).
- 3- Liability protections for employers/business owners.
- 4- Additional funds for state and local government (House bill has it, Senate bill does not).

HEROES Act-

Congress has already passed \$3 trillion on four measures in response to the economic downturn caused by the outbreak. House Democrats passed by a vote of 208-199 on May 15 a \$3 trillion coronavirus relief bill (H.R. 6800) combining new relief to state and local governments with direct cash payments, expanded unemployment insurance and food stamp funds, as well as a list of progressive priorities like funds for voting by mail and the U.S. Postal Service.

- Among its key provisions, the bill would provide almost \$1 trillion in aid for state and local governments as well as \$1,200 cash payments to individuals and \$1,200 for dependent children, up to \$6,000 a household. It also would extend a \$600 weekly increase to unemployment insurance into January. *This aid could be used for replacing lost revenues.*
- The bill also provides \$200 billion to fund what it describes as “hazard pay” for essential workers who’ve had to risk exposure to the virus as they stay on the job while much of the rest of the country has been shut down.
- Another \$75 billion would be allocated for virus testing and contact tracing.

- The bill would greatly expand a tax credit included in the last virus relief bill that gives employers tax breaks for keeping workers paid. The new version would give employers a credit worth up to \$12,000 an employee a quarter, an increase of \$5,000 per worker for the remainder of the year.
- It would suspend the cap on state and local tax, or SALT, deductions for two years. The Republican tax law in 2017 imposed a \$10,000 cap on those tax breaks, which Democrats, particularly those from higher-tax New York and New Jersey, have been seeking to repeal since the law passed.
- The bill would give public transportation systems about \$16 billion in aid to respond to the pandemic. \$11.8 billion would be allocated to urban areas with populations over 3 million, \$4 billion would go to transit agencies that need “significant additional assistance” to maintain basic services.
- Schools would get \$100 billion in the bill, though funding for colleges and K-12 schools in the measure would fall short of the \$250 billion in federal aid education groups have sought.

SMART Fund Act-

A bipartisan group of senators introduced legislation Monday, May 18 that would establish a \$500 billion fund to help state and local governments cope with the impact of the coronavirus. Senator Bob Menendez, a Democrat from New Jersey, and Senator Bill Cassidy, a Republican from Louisiana, first announced plans for the bill in April. They have added two more Republicans to the effort: Susan Collins of Maine and Cindy Hyde-Smith of Mississippi as well as Democrats Joe Manchin of West Virginia and Cory Booker of New Jersey. A companion bill has been introduced in the House by Representatives Mikie Sherrill, D-N.J., and Peter King, R-N.Y., along with a group of bipartisan co-sponsors. Details of the measure include:

- The money would be divided into three tranches, distributed according to population size; infection rates and revenue losses;
- The bill does not have a population requirement, meaning municipalities of any size can use the money it makes available; and
- All states, Puerto Rico and the District of Columbia would receive a minimum of \$2b under the plan.

HEALS Act-

Senate Republican leaders unveiled a package of separate bills, giving Congress the option of passing parts of the agenda -- such as extensions of unemployment insurance or schools funding - now and leaving the rest for later. The Senate Republicans and the Administration had been divided on the overall cost of the plan and how to extend unemployment benefits expiring this week.

Unemployment Insurance

Pandemic-related federal supplemental unemployment benefits for millions of people in the U.S. end on July 31. The Republican plan extends the added benefits at a rate lower than the \$600 per week enacted as part of the CARES Act in March. For two months, the benefits would be set at \$200 per week on top of state-level benefits, which vary. After that, states would provide benefits equal to 70% of previous wages, with the federal supplement capped. States would be allowed to apply for a waiver to secure up to two additional months to transition to the new calculation. Republicans say the CARES Act benefit level was too high, making it hard for employers to rehire people who are getting more in unemployment benefits than they earned while working. There is little chance Democrats will accept such a steep reduction with many parts of the country unable to fully reopen

due to a resurgence in coronavirus infections. Senate Democrats have proposed extending the \$600 benefit through March 2021. The House-passed Heroes Act would extend the benefit into January.

Direct Payments

The Senate GOP legislation includes a second tranche of stimulus payments, structured the same way as the earlier round, in March. The plan provides \$1,200 payments at individual incomes of \$75,000 or less a year, with \$500 in benefits for each child or adult dependent. The bill passed by House Democrats two months ago also includes \$1,200 stimulus payments, but has \$1,200 benefits per child, up to a total of \$6,000 per household.

Education Funding

The Republicans would provide \$105 billion, with \$70 billion going to elementary, middle and high schools; \$29 billion for colleges and universities and \$5 billion to a flexible fund. Two-thirds of the money would go to schools that institute reopening plans and the rest to schools generally, under existing federal formulas. The White House has fought to tie school aid to reopening plans, but Democrats are opposed. Democrats are demanding \$430 billion for schools. The GOP plan would also allow student borrowers to delay loan repayments and then cap loan payments at 10% of income minus housing costs.

Liability Protections

Liability protections are a top priority for McConnell. The Senate GOP bill shields businesses, schools, charities and other organizations from Covid-19-related lawsuits through Oct. 1, 2024, as long as they make “reasonable” efforts to follow public health guidelines and don’t commit acts of “gross negligence” or “intentional misconduct.” The proposal would move to federal courts medical liability claims against caregivers that arise from virus-related care provided by licensed health care facilities and medical workers. Like employers generally, they could only be successfully sued if they engaged in gross negligence and intentional misconduct. Federal courts could decide such matters as the burden of proof by a claimant or any caps on damages. Democrats say that instead of liability shields, Congress should push the Occupational Safety and Health Administration to develop clear guidelines for businesses and schools.

Small Business Loans

The Senate GOP plan would extend the Paycheck Protection Program of forgivable small business loans, adding \$60 billion to a facility that still has \$130 billion left from the last stimulus. Small businesses with fewer than 300 employees that can show revenue losses of 50% or more since the pandemic began would be able to apply for second PPP loans.

Health Care

The White House dropped its initial opposition to new testing money in the bill and has agreed to go along with a plan for \$16 billion to help states ramp up tests and contact tracing. Senate Republicans had initially sought \$25 billion in new funds.

Meals and Entertainment

The legislation also includes an expanded tax break for businesses that are providing meals and entertainment for clients. The change is a priority for President Donald Trump, who has said it is important to help struggling restaurants and entertainment venues. The proposal reverses a policy included in Trump’s 2017 tax law that limited the tax break to pay for other tax reductions.

Operating-During-a-Pandemic Tax Break

The plan includes tax credits for the increased costs that businesses are facing to shield workers and customers against the virus. It includes a credit to cover some of what companies spend on testing, personal protective equipment, workplace cleaning and retrofitting facilities to adhere to distancing guidelines. Lawmakers from both parties have embraced tax incentives for workplaces that do more cleaning and provide accommodations to protect against the virus.

Hiring Tax Credit

The legislation includes an expanded version of the employee retention tax credit for businesses that keep workers on their payrolls. The break gives companies an additional incentive to keep people employed as many firms still face revenue downturns but have run out of Paycheck Protection Program money or never qualified for it. The credit, which has broad bipartisan backing, is refundable against payroll tax liability, meaning that companies could get a check back from the IRS if they qualify for a larger tax break than the payroll taxes they owe. The legislation also expands a tax credit for large businesses to hire individuals who are unemployed.

Social Security, Medicare

Senator Mitt Romney of Utah was able to get his proposal to address the troubled Social Security, Medicare and Highway trust funds into the package. His bill creates a bipartisan trust fund rescue committee that must produce legislation within a set time frame. The House and Senate would be forced to take up the Rescue Committee proposal with minimal delays, but the bill could still be filibustered in the Senate. Without action, Social Security would not be able to pay full benefits after 2034 and Medicare after 2026 under current government projections.

Protective Equipment

The GOP is proposing to end dependence on foreign manufacturers for personal protective equipment. The plan developed by Senator Lindsey Graham of South Carolina would create tax credits to spur manufacturing to help the federal government reach the goal of 100% domestic sourcing within five years.

FBI Headquarters

At the White House's insistence, the bill contains \$1.75 billion for a new Washington headquarters for the Federal Bureau of Investigation. The project has been a priority for Trump, who owns a hotel across the street from the current building.

Farm Aid

The Republican proposal would provide \$20 billion in aid for agriculture, delegating broad discretion on spending to Agriculture Secretary Sonny Perdue. The legislation would allow Perdue to use the aid to compensate livestock producers for losses from killing animals that could not be sent to slaughterhouses because of virus-related shutdowns and slowdowns.

Proxy Voting Continues in the House-

Speaker Pelosi announced that the House will begin using emergency proxy voting procedures during the last week of May. The change is in effect for 45 days unless another emergency is declared. Lawmakers who stay home because of the health crisis can designate other House Members to vote for them. Lawmakers in attendance may cast votes for as many as 10 of their peers under their colleagues' written instructions.

Contacts:

Contacts included staff and House Members throughout the CA delegation, especially Leadership and Appropriators who were targeted.

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

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: July 30, 2020

Re: Federal Update -- Executive Branch

COVID Relief Legislation: Much of June and July in Washington was consumed with maneuvering and speculation about the next phase of planned coronavirus relief legislation, including the important matter of whether a final bill would include a significant amount of new money for state and local governments to address funding shortfalls and revenue losses attributable to the ongoing public health crisis caused by COVID-19. In June, the House passed the Democrats' highly partisan \$3 trillion HEROES Act - with significant state and local funding - on a party line vote. It was immediately dismissed by the White House and Senate Republicans. Then in July, the Senate Republican leadership, working with the White House, unveiled their proposed \$1 trillion HEALS Act – without significant state and local funding – and it was immediately dismissed by House and Senate Democrats. By the end of July, the chances of an amical compromise seemed remote, as alternative proposals emerged for a much smaller bill focused primarily on addressing expiring provisions of the CARES Act.

Meanwhile Carmen Group was actively engaged with South Coast AQMD staff and the federal consultant team in advancing the prospects for legislative language to be included to ensure COVID-related funding eligibility for “special districts,” including air agencies. Our efforts included advocacy for emerging special districts legislation (HR 7073 and S 4048) as well for a proposal to directly increase air agencies’ funding through the U.S. Environmental Protection Administration Section 103 and 105 programs. By researching states with larger numbers of special districts and non-attainment areas, we targeted specific Republican members for special outreach efforts. We were also in touch on these issues with the Senate Majority Leader McConnell’s office to ensure that his team were fully aware of South Coast AQMD’s priority concerns and recommendations.

Surface Transportation Reauthorization and Infrastructure: In early July, the House passed a \$1.5 trillion Infrastructure bill on a largely party line vote. The bill included the House Transportation & Infrastructure Committee’s \$482 billion highway and transit reauthorization bill, which was approved in Committee in mid-June. Included in the legislation were numerous provisions addressing clean energy, climate and emissions reduction initiatives. But the bill had no serious bipartisan support. Meanwhile in the Senate, there has been next to no significant movement so far this year. And while the Administration has reportedly drafted a \$1 trillion infrastructure bill of its own, and the Senate Committee has been sitting on its approved bipartisan highway and transit bill, the

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growing consensus in town is that there will only be a 6-month to one-year stop-gap highway and transit extension, leaving the bigger issues to be confronted next year.

Cleaner Trucks Initiative: In July, the EPA quietly let it be known that the long awaited proposed rule on a new ultra-low NOx standard for heavy-duty trucks would not be issued this summer as originally planned, but postponed until after the November election. No surprise here.

DERA Reauthorization: A provision for a five-year reauthorization of the EPA's Diesel Emissions Reduction Act (DERA) program is now included Senate-passed National Defense Authorization Act (NDAA) which will be in conference with the House-passed NDAA over the next few months. The same provision contained surface transportation legislation may die if the transportation bill fizzles, as seems likely now.

NEPA Review Process Reform: In July, the Trump Administration issued a final rule to "modernize" and "accelerate" the environmental reviews required under the National Environmental Policy Act (NEPA). Among other things, the rule establishes time limits on environmental impact statements (two years) and environmental assessments (one year). The changes are designed to streamline the approval process for major infrastructure projects without changing the NEPA law's basic requirements.

Federal Agency Roundup

EPA Permit Process Reform: In July, the EPA issued a final rule to streamline the review of permits by the Agency's Environmental Appeals Board (EAB), expediting certain timelines of the prior process and imposing new targeted deadlines.

EPA Clean Air Act Honest Accounting Proposal: In June, the EPA issued a proposal to improve the rulemaking process under the Clean Air Act by establishing requirements to ensure consistent, high-quality procedures to codify best practices for benefit-cost analyses in rulemakings.

EPA Retains NAAQS Ozone Standard: In July, the EPA proposed to retain, without changes, the existing 2015 National Ambient Air Quality Standards (NAAQS) for ozone.

EPA Adds Hazardous Air Pollutant to Regulated List: In June, EPA granted petitions to add 1-bromopropane (1-BP) to the list of hazardous air pollutants regulated under the Clean Air Act, the first time since 1990 that EPA had granted such a petition.

EPA Proposes Emissions Standards for Aircraft: In July, the EPA proposed the first greenhouse gas emissions standards for airplanes used in commercial aviation and large business jets. The action will align U.S. standards with the international CO2 emissions standards set by the International Civil Aviation Organization ((ICAO).

FTA Announces Low-No Bus Grants: In June, the Federal Transit Administration announced \$130 million in grant selections covering 41 projects in 40 states and the District of Columbia under the Low and No Emission Grant Program. The grants support the deployment of low emission and zero emission buses and supporting bus facilities and infrastructure.

DOT Announces INFRA Grants: In June, the Department of Transportation announced that \$902 million was being awarded to 20 projects in 20 states under the INFRA discretionary grant program established in the 2015 FAST Act. Projects focus on improvements to highways, bridges, ports and railroads with an emphasis on innovation.

FHWA Announces STSFA Grants: In July, the Federal Highway Administration announced the award of \$15.1 million in grants to seven pilot projects in five states under the Surface Transportation System Funding Alternatives (STSFA) program. The projects are designed to test innovative ways to supplement the federal gas tax and provide long-term support for the Highway Trust Fund.

FHWA Announces ATCMTD Grant Funding Availability: In July, the Federal Highway Administration announced that \$60 million was being made available for grants under the Advanced Transportation and Congestion Technologies Deployment Program (ATCMTD) designed to fund new technologies that improve transportation efficiency.

DOE Seeks to Advance Hydrogen and Fuel Cell R&D: In June, the Department of Energy announced the intention to invest up to \$100 million over five years in two new DOE National Laboratory-led efforts to advance hydrogen and fuel cell technologies research and development. One of these efforts is designed to accelerate development of fuel cells for heavy-duty vehicle applications, including long-haul trucks. This initiative will set a five-year goal to prove the ability to have a fully competitive heavy-duty fuel cell truck that can meet all of the durability, cost, and performance requirements of the trucking industry.

DOE Announces Coal-to-Hydrogen R&D: In July, the Department of Energy announced it was awarding \$37 million to seven projects under its Coal FIRST program designed to convert coal, biomass and waste plastics to generate clean electricity and hydrogen, important for enabling the transition of the electricity, manufacturing and transportation sectors toward a low-carbon footprint.

DOE Announces Additional Hydrogen Projects: In July, DOE announced approximate \$64 million for 18 projects to support the H2@Scale vision for affordable hydrogen production, storage, distribution and use...including efforts to identify cost-effective fuel cell components for medium and heavy-duty trucks. H2@Scale is a multi-year initiative to fully realize hydrogen's benefits across the economy.

DOE Announces Projects to Support Advanced Vehicle Technologies: In July, DOE announced \$139 million for 55 projects across the country to support advanced vehicle technologies. These include advanced batteries, electrification and manufacturing to sustain U.S. global leadership in energy storage technology, utilization and exports.

Outreach: Relevant contacts included the office of Sen. James Inhofe and Senate EPW Committee staff on possible infrastructure, transportation and COVID legislation; the Washington DC office of the CALSTART business coalition on clean energy priorities in federal legislation and agencies; and additional contacts with the office of Senate Majority Leader McConnell and targeted Republican House members in Texas, Missouri Nebraska, Indiana and Maryland on special districts legislation and EPA funding issues.



To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: July 30, 2020
Re: July Report

HOUSE/SENATE

During the month of July both the House and the Senate were in session. The House considered two spending packages setting funding levels for all federal agencies through Fiscal Year 2021 and passed the Moving Forward Act, a comprehensive infrastructure proposal. In addition, the House took up legislation to fund outdoor recreation projects, repair infrastructure in parks, and address water infrastructure.

The Senate deliberated and confirmed various nominations, including:

- Dana T. Wade, Assistant Secretary of Housing and Urban Development
- Marvin Kaplan, Member of the National Labor Relations Board
- Lauren McGarity McFerran, Member of the National Labor Relations Board

The month of July has been consumed by Appropriations in the House and the National Defense Authorization Act (NDAA) in the Senate. The House during the weeks of the 6th and the 13th were spent on markups for the FY2021 Appropriations packages, while the Senate continued with NDAA work. During the week of the 20th the House passed the FY2021 Appropriations package for the Interior and Environment, while the Senate continued to be focused on NDAA. The House spending measure funding the Environmental Protection Agency included:

DERA Grants -- \$90 million – The Committee directed at least 70% of these funds to non-attainment areas. This is an increase of \$3 million over FY 2020 levels.

Note: The Moving Forward Act reauthorizes the diesel emissions reduction program at \$500 million each year for fiscal years 2021 through 2025.

Targeted Airshed Grants -- \$56.3 million – The Committee targeted funding to the 10 most heavily polluted areas and “projects that provide the most significant air quality improvements, greatest population-level health benefits, and that provide significant benefits to overburdened communities should be given the highest priority.” This is level funding from FY 2020.

In addition, the report accompanying the spending bill devoted substantial attention to the pending Cleaner Trucks Initiative. The Committee urged the EPA to develop a final rule that “minimizes NOx emissions from heavy-duty vehicles as quickly as possible to assist serious, severe, and extreme ozone nonattainment areas.” Also included was an explicit expectation that EPA work with states and local air pollution control bodies.

The bipartisan Great American Outdoors Act, which provides full funding for the Land and Water Conservation Fund, was passed by the House and awaits signature by the President. The Senate still has not taken up the House-passed HEROES Act and has instead released their own COVID-19 response package, the HEALS Act. The HEALS Act is the Republicans’ \$1 trillion response to the \$3 trillion HEROES Act. Importantly, the HEALS Act does not include any new funding for state and local governments, whereas the HEROES Act includes \$500 billion for state governments and \$375 billion for local governments. The two sides have begun discussions to find a compromise but the vast differences in the two packages could make for long and difficult negotiations.

Cassidy and Associates support in July:

- Strategized with SCAQMD on identifying federal funds to assist the district with COVID related expenses and loss of revenues. We specifically supported work on legislation to ensure “special districts” were eligible for federal funding.
 - As a result of our efforts, a bipartisan bill was released by Sens. Sinema, Cornyn and Harris to fund special districts. We expect this bill to be considered in bipartisan negotiations to consolidate HEALS and HEROES.
- Supported efforts to provide air agencies assistance through increased funding for the U.S. Environmental Protection Agency. Brought SCAQMD letter and CAPCOA communications to the attention of House and Senate Leadership, Senate Offices and Committees of Jurisdiction.

Government funding, major programs up for renewal Sept. 30.

- Government funding for fiscal 2021 must be addressed to avoid shutdown.
- We expect a continuing resolution to fund the government through the election.
- Annual defense authorization and surface transportation are both in play to move by the end of this year.

Other expirations include:

- Federal health programs, which are now set to expire Nov. 30. Renewal has been targeted action on surprise billing, drug pricing
- Pandemic response programs, many of which expire at the end of the year, and the extra \$600 unemployment aid that expires at the end of July.
- Tax extenders, including for energy and alcohol, which expire Dec. 31.

IMPORTANT LEGISLATIVE DATES

July

- New COVID-19 package, deliberations begin
- NDAA work concludes in both chambers and conference negotiations begin
- House Appropriations legislation floor action

August

- Continuation of negotiations for new COVID-19 package, HEALS Act
- August recess dates may change

Sept. 30

- Senate will begin Appropriations work
- A CR will be signed into law funding the government through the election
- Fiscal 2020 funding expires, as well as other major programs:
 - National Defense Authorization Act (\$735.8 billion)
 - Surface Transportation Authorization (FAST Act - \$64.1 billion)
 - National Flood Insurance Program (\$30.4 billion)
 - National Institutes of Health Authorization (\$36.5 billion)
 - Every Student Succeeds Act (\$26.1 billion extends automatically for one year if Congress does not act)
 - Workforce Innovation and Opportunity Act (\$10 billion)
 - Childcare and Development Block Grants (\$2.7 billion)
 - Federal Communications Commission Authorization (\$339.6 million)
 - America's Water Infrastructure Act sewer overflow and other grants (\$240 million)
 - Runaway and Homeless Youth Programs (\$127.4 million)
 - VA Authorities, including health care, homelessness (\$69 million)
 - Immigration programs, including E-Verify and EB-5 investor visa

Nov. 30 – Dec. 31

- Temporary Assistance for Needy Families
- Community Health Centers
- Medicare Programs

PANDEMIC RESPONSE PROGRAMS AND AUTHORITIES

End Date/Program

July 31, 2020 (THIS FRIDAY)

- Additional \$600 per week federal pandemic unemployment benefit

Sept. 30, 2020

- Student loan repayment and interest accrual suspension

Dec. 31, 2020

- Treasury Department business, state, & local government loan authority
- Various temporary tax breaks
- Emergency sick and family leave programs
- Pandemic unemployment assistance
- Medicare sequestration suspension
- Changes to banking and accounting rules (could expire sooner if epidemic ends)

March 27, 2025

- Special inspector General for Pandemic Recovery

Sept. 30, 2025

- Pandemic Response Accountability Committee, Congressional Oversight Commission

AGENCY RESOURCES

USA.gov is cataloging all U.S. government activities related to coronavirus. From actions on health and safety to travel, immigration, and transportation to education, find pertinent actions [here](#). Each Federal Agency has also established a dedicated coronavirus website, where you can find important information and guidance. They include: Health and Human Services ([HHS](#)), Centers of Medicare and Medicaid ([CMS](#)), Food and Drug Administration ([FDA](#)), Department of Education ([DoED](#)), Department of Agriculture ([USDA](#)), Small Business Administration ([SBA](#)), Department of Labor ([DOL](#)), Department of Homeland Security ([DHS](#)), Department of State ([DOS](#)), Department of Veterans Affairs ([VA](#)), Environmental Protection Agency ([EPA](#)), Department of the Interior ([DOI](#)), Department of Energy ([DOE](#)), Department of Commerce ([DOC](#)), Department of Justice ([DOJ](#)), Department of Housing and Urban Development ([HUD](#)),

Department of the Treasury ([USDT](#)), Office of the Director of National Intelligence ([ODNI](#)), and U.S. Election Assistance Commission ([EAC](#)).

Helpful Agency Contact Information:

U.S. Department of Health and Human Services – Darcie Johnston (Office – 202-853-0582 / Cell – 202-690-1058 / Email – darcie.johnston@hhs.gov)

U.S. Department of Homeland Security – Cherie Short (Office – 202-441-3103 / Cell – 202-893-2941 / Email – Cherie.short@hq.dhs.gov)

U.S. Department of State – Bill Killion (Office – 202-647-7595 / Cell – 202-294-2605 / Email – killionw@state.gov)

U.S. Department of Transportation – Sean Poole (Office – 202-597-5109 / Cell – 202-366-3132 / Email – sean.poole@dot.gov)

IMPORTANT DATES: ELECTIONS

2020 ELECTION CALENDAR

JANUARY

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DECEMBER

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□ Democratic Caucus
 ○ Democratic Primary
 ★ Democratic Convention
 ✪ VP Debate
□ Republican Caucus
 ○ Republican Primary
 ★ Republican Convention
 ✪ Presidential Debate
☑ Election Day
 politicopro.com

DATE	STATE	DEMOCRAT	REPUBLICAN	DATE	STATE	DEMOCRAT	REPUBLICAN
February 3	Iowa	Caucus	Caucus	May 2	Guam	Caucus	—
February 11	New Hampshire	Primary	Primary		Kansas	Primary	—
February 22	Nevada	Caucus	—	May 5	Indiana	Primary	Primary
February 29	South Carolina	Primary	—	May 12	Nebraska	Primary	Primary
March 3	Alabama	Primary	Primary		West Virginia	Primary	Primary
	American Samoa	Primary	Primary	May 19	Kentucky	Primary	Primary
	Arkansas	Primary	Primary		Oregon	Primary	Primary
	California	Primary	Primary	June 2	District of Columbia	Primary	—
	Colorado	Primary	Primary		Montana	Primary	Primary
	Democrats Abroad	Primary	—		New Jersey	Primary	Primary
	Maine	Primary	Primary		New Mexico	Primary	Primary
	Massachusetts	Primary	Primary		South Dakota	Primary	Primary
	Minnesota	Primary	Primary	June 6	Virgin Islands	Caucus	—
	North Carolina	Primary	Primary	July 13 - 16	Democratic Convention (Milwaukee, WI)	—	—
	Oklahoma	Primary	Primary	August 24 - 27	Republican Convention (Charlotte, NC)	—	—
	Tennessee	Primary	Primary	September 29	First Presidential Debate (South Bend, IN)	—	—
	Texas	Primary	Primary	October 7	Vice Presidential Debate (Salt Lake City, UT)	—	—
	Utah	Primary	Primary	October 15	Second Presidential Debate (Ann Arbor, MI)	—	—
	Vermont	Primary	Primary	October 22	Third Presidential Debate (Nashville, TN)	—	—
	Virginia	Primary	—	November 3	2020 Presidential Election	—	—
March 8	Puerto Rico	—	Primary				
March 10	Hawaii	—	Caucus				
	Idaho	Primary	Primary				
	Michigan	Primary	Primary				
	Mississippi	Primary	Primary				
	Missouri	Primary	Primary				
	North Dakota	Primary	Primary				
	Washington	Primary	Primary				
March 14	North Mariana	Caucus	—				
March 17	Arizona	Primary	—				
	Florida	Primary	Primary				
	Illinois	Primary	Primary				
	Ohio	Primary	Primary				
March 24	Georgia	Primary	Primary				
March 29	Puerto Rico	Primary	—				
April 4th	Alaska	Primary	—				
	Hawaii	Primary	—				
	Louisiana	Primary	Primary				
	Wyoming	Caucus	—				
April 7	Wisconsin	Primary	Primary				
April 28	Connecticut	Primary	Primary				
	Delaware	Primary	Primary				
	Maryland	Primary	Primary				
	New York	Caucus	Primary				
	Pennsylvania	Primary	Primary				
	Rhode Island	Primary	Primary				

ATTACHMENT 3



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. · SUITE 250 · SACRAMENTO, CA 95814-3766

916 441-0597 · FAX 916 441-5061

Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – July 2020

DATE: Thursday, July 30, 2020

When the Assembly and Senate adjourned for their summer recess on June 19 and July 2, respectively, both houses planned to return on July 13. However, shortly after adjournment, it became public that at least two legislators and several staff had been infected with COVID-19. Consequently, both houses delayed their return to the Capitol to July 27.

Having returned to session, the Legislature now has only five weeks to wrap up its work. Tensions are running high between the Senate and Assembly. While the Senate curtailed its work considerably earlier in the year, sending only roughly 200 bills to the Assembly, the Assembly sent more than 500 bills to the Senate before adjourning for recess.

To manage its workload, Senate Committee Chairs have pushed Assemblymembers to drop legislation and in some cases, chose not to set bills for hearing over the objection of their Assembly authors. In response, several Assembly Committees have delayed their hearings to reconsider which Senate bills they will advance. This type of inter-house posturing and hostage taking is common at the end of session. However, the compressed timeline in 2020 seems to be exacerbating it.

ASSEMBLY AND SENATE \$100 BILLION ECONOMIC STIMULUS PLAN

On July 27, 2020, the Assembly and Senate announced a working group from both houses of the Legislature that are prioritizing economic recovery in the final weeks of session. The working group has developed a joint \$100 billion stimulus plan, building upon the successful collaboration that led to a balanced state budget addressing the \$54 billion deficit.

Led by Senators Bob Hertzberg and Steven Bradford, and Assemblymembers Phil Ting and Jacqui Irwin, lawmakers aim to protect Californians and spur job creation during and even after the COVID-19 crisis. Legislative leadership in both houses have been supportive of the working groups' efforts.

The stimulus plan aims to raise \$100 billion through a new tax voucher program and the acceleration of other existing revenue streams. The money would be used to boost the economy and protect jobs, small businesses, and working families.

The working groups will also seek input from the Newsom Administration, including the Governor's Task Force on Business and Jobs Recovery, and from the public. Both houses will work together to approve measures by the August 31, 2020, legislative deadline and identify priorities for the next session.

State Treasurer Fiona Ma and State Superintendent of Public Instruction Tony Thurmond are engaged with the Legislature, and will provide their expertise as stimulus policies are refined and finalized.

The complete list of Assembly and Senate working group members includes: Senators Jim Beall, Anna Caballero, Maria Elena Durazo, Cathleen Galgiani, Holly Mitchell, Anthony Portantino, Nancy Skinner, and Bob Wieckowski; Assemblymembers Tasha Boerner Horvath, David Chiu, Eduardo Garcia, Adam Gray, Tim Grayson, Jacqui Irwin, Sydney Kamlager, Monique Limon, Kevin McCarty, Kevin Mullin, Al Muratsuchi, Cottie Petrie-Norris, Rudy Salas and Buffy Wicks.

LEGISLATIVE DEADLINES

Aug. 14 Last day for policy committees to meet and report bills.

Aug. 21 Last day for fiscal committees to meet and report bills.

Aug. 24 Last day to amend bills on the floor.

Aug. 24-31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.

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

RESOLUTE^{*}

To: South Coast Air Quality Management District
From: David Quintana, Esq.
Date: July 30, 2020
Subject: Legislative Update

❖ Important Dates

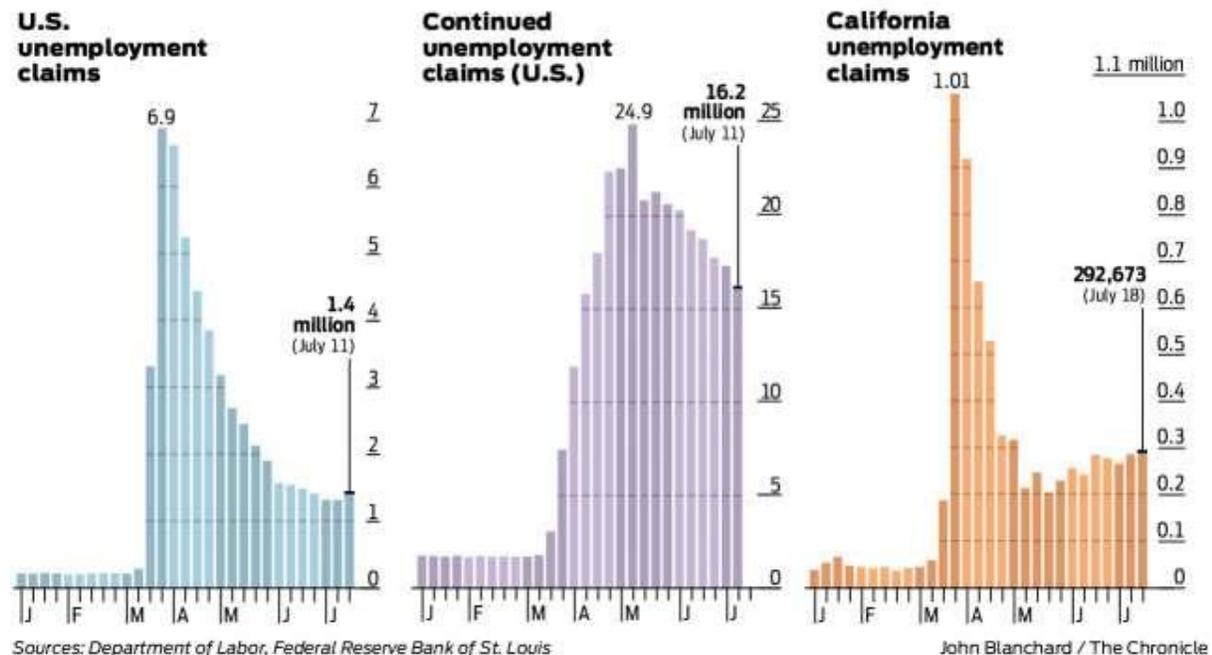
- July 27 – Legislature returns from Summer Recess
- Aug. 14 – Last day for policy committees to meet and report bills.
- Aug. 21 – Last day for fiscal committees to meet and report bills.
- Aug. 24 – Last day to amend bills on the floor.
Floor session only in each house.
- Aug. 31 – Last day for each house to pass bills. Final Recess begins.
- Sept. 30 – Last day for the Governor to sign or veto bills passed by the Legislature.

- ❖ **Budget and the Economy.** At the end of June, Governor Newsom signed the 2020 Budget Act. The state budget was a compromise that resulted after an extended negotiation between the Governor and the Legislature over the method by which the state would fund public education, emergency services, and social welfare programs. The Budget included \$202.1 billion in spending – with money available for AB 617 implementation – and plans to raise revenue to close the state’s projected \$54.3 billion shortfall.

The US economy shrank by approximately 32.9% in the second quarter 2020, the worst contraction in modern American history. California’s economy has continued to suffer along with the rest of the nation. The state has paid about \$50 billion in unemployment benefits since March and has seen slight increases in new unemployment claims each week. The growing unemployment rate has many economists and elected officials concerned about eviction, foreclosure, and homelessness exacerbating the recession.

Job loss grows in U.S., California

New unemployment filings grew across the nation and in California. Continued claims, which indicate those out of work for a longer time period, fell. The uptick in job losses may reflect the impact of states that had reopened their economies tightening back up again.



❖ Budget and the Economy (cont.)

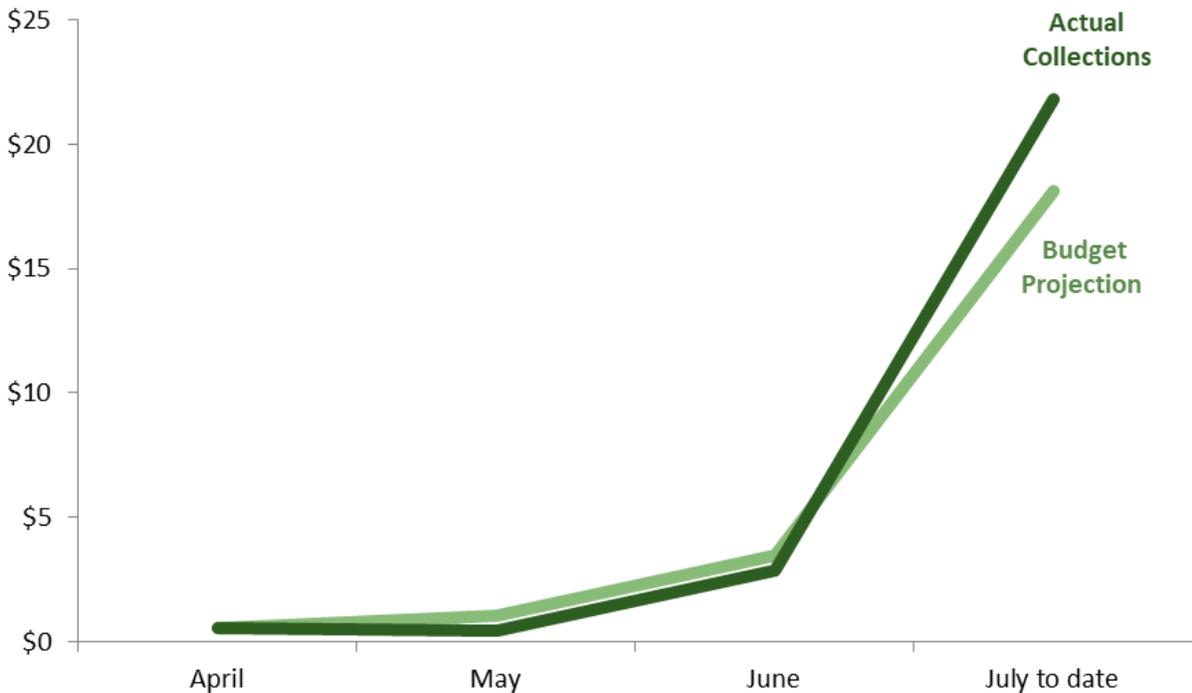
Governor Newsom Lowers the Dimmer Switch on the Economy. California's initial response to COVID-19 was successful enough to warrant the phased reopening of the economy. However, the state quickly saw a sharp rise in rates of coronavirus infection and subsequent deaths. This prompted Governor Newsom, on July 13, to announce a regression of the state's plan to re-open the economy, ordering the closure of indoor operations at restaurants, wineries and pubs, movie theaters, family entertainment centers, gyms and fitness centers, places of worship, hair and personal care services, shopping malls, tattoos and piercings, and offices for non-critical infrastructure.

The Governor has stated that he is examining his authority to extend and expand executive orders imposed earlier in the year that placed a moratorium on evictions, and provided workers' compensation, sick leave, and other protections for essential workers, as well as working with legislators to codify the orders. Newsom has also announced that the Administration would be expanding existing programs to address homelessness and support housing for agricultural workers so that they have a place to self-isolate.

California Collected 20% more Tax Revenue than Expected. On July 17, the Legislative Analyst's Office reported that the combined personal income and corporate tax revenue generated \$3.7 billion — about 20 percent more than what was estimated in the projections used to build the state's 2020 budget. The LAO cautioned that the revenue was still \$2 billion below the revenue generated in 2019.

Comparing April through July Tax Collections to Budget Projections

Cummulative personal income tax and corporation tax collections since April 1
(In billions)



The Legislature is expected to take up an additional budget bill in the first half of August. This higher-than-expected revenue may stymie additional cuts and prompt some groups to lobby the Legislature for additional earmarks and spending to support their programs.

Looming Concern over the Revenue Generated in the August Cap and Trade Auction. The next auction will be held on August 18, 2020. The previous auction in May generated significantly lower revenue; just \$25 million compared to the \$600 million to \$850 million raised in prior years. Given the state of the economy, the trend of lower-than-average returns is likely to continue and motivate lawmakers to address what critics identify as weaknesses in the program.

- ❖ **The Legislature Returns with a Short Timeline for Action.** The Legislature delayed its return from its scheduled recess by an additional two weeks in light of lawmakers' concerns regarding COVID-19. Both the Assembly and the Senate are scheduled to return on July 27 with a severely truncated committee and floor schedule. This truncated schedule will likely significantly reduce the amount of bills heard and ultimately passed by the Legislature. The Senate schedule is as follows:

Wk. 1	Monday 7/27/2020	Tuesday 7/28/2020	Wednesday 7/29/2020	Thursday 7/30/2020	Friday 7/31/2020	Saturday 8/1/2020
AM			Education Cmte 9:00 AM (Rm 4203)	Budget & Fiscal Review Cmte 8:00AM (Senate Chamber) Senate Floor Session 9:00 AM Judiciary Cmte Upon adjournment of Senate Floor Session (Rm 4203)	Public Safety Cmte 9:00 AM (Rm 4203)	Health Cmte 10:00 AM (Senate Chamber)
PM	Senate Floor Session 2:00 PM		Rules Cmte 1:30 PM (Rm 3191) Governance & Finance Cmte 1:30 PM (Rm 4203)	Judiciary Cmte continued, if necessary (Rm 4203)	Public Safety Cmte continued, if necessary (Rm 4203)	Health Cmte continued, if necessary (Senate Chamber)

Wk. 2	Monday 8/3/2020	Tuesday 8/4/2020	Wednesday 8/5/2020	Thursday 8/6/2020	Friday 8/7/2020	Saturday 8/8/2020
AM	Governance & Finance Cmte 9:00 AM (Rm 4203)	Transportation Cmte 9:00 AM (Senate Chamber)	Natural Resources & Water Cmte 9:00 AM (Senate Chamber)	Senate Floor Session 9:00 AM Housing Cmte Upon adjournment of Senate Floor Session (Senate Chamber)	Public Safety Cmte 9:00 AM (Rm 4203)	Business, Professions, & Economic Development Cmte 10:00 AM (Senate Chamber)
PM	Senate Floor Session 2:00 PM Energy, Utilities & Communications Cmte Upon adjournment of Senate Floor Session (Senate Chamber)	Insurance Cmte Upon adjournment of Transportation Cmte (Senate Chamber) Elections & Constitutional Amendments Cmte Upon adjournment of Insurance Cmte (Senate Chamber)	Rules Cmte 1:30 PM (Rm 3191) Labor, Public Employment & Retirement Cmte 1:30 PM (Senate Chamber)	Housing Cmte continued, if necessary (Senate Chamber)	Public Safety Cmte, continued, if necessary (Rm 4203)	Business, Professions, & Economic Development Cmte continued, if necessary (Senate Chamber)

Wk. 3	Monday 8/10/20	Tuesday 8/11/20	Wednesday 8/12/20	Thursday 8/13/20	Friday 8/14/20	Saturday 8/15/20
AM	Human Services Cmte 9:00 AM (Rm 4203)	Environmental Quality Cmte 9:00 AM (Rm 4203)	Natural Resources & Water Cmte 9:00 AM (Rm 4203)	Senate Floor Session 9:00 AM	Governmental Organization Cmte 9:00 AM (Senate Chamber)	Budget & Fiscal Review Cmte 10:00 AM (Senate Chamber)
				Banking & Financial Institutions Cmte Upon adjournment of Senate Floor Session (Rm 4203)		
PM	Senate Floor Session 2:00 PM Veterans Affairs Cmte, Upon adjourn of Senate Floor Session (Rm 4203) Agriculture Cmte Upon adjournment of Veterans Affairs Cmte (Rm 4203)	Labor, Public Employment & Retirement Cmte 1:30 PM (Rm 4203)	Rules Cmte 1:30 PM (Rm 3191) Judiciary Cmte 1:30 PM (Rm 4203)	Appropriations Cmte Upon adjournment of Banking & Financial Institutions Cmte (Rm 4203)	Environmental Quality Cmte Upon adjournment of Governmental Organization Cmte (Senate Chamber)	Budget & Fiscal Review Cmte continued, if necessary (Senate Chamber)
Wk. 4	Monday 8/17/20	Tuesday 8/18/20	Wednesday 8/19/20	Thursday 8/20/20	Friday 8/21/20	
AM	Appropriations Cmte 9:00 AM (Rm 4203)	Judiciary Cmte 1:30 PM (Rm 4203)	Appropriations Cmte 9:00 AM (Rm 4203)	Senate Floor Session 9:00 AM		
PM	Senate Floor Session 2:00 PM Appropriations Cmte, resumes if necessary (Rm 4203)	Judiciary Cmte continued... (Rm 4203)	Rules Cmte 1:30 PM (Rm 3191)	Appropriations Cmte Upon adjournment of Senate Floor Session (Rm 4203)		

Wk. 5	Monday 8/24/20	Tuesday 8/25/20	Wednesday 8/26/20	Thursday 8/27/20	Friday 8/28/20
AM	Senate Floor Session	Senate Floor Session	Senate Floor Session	Senate Floor Session	Senate Floor Session
PM	Senate Floor Session	Senate Floor Session	Senate Floor Session	Senate Floor Session	Senate Floor Session
Wk. 6	Saturday 8/29/20	Sunday 8/30/20	Monday 8/31/20		
AM	Senate Floor Session Upon Call	Senate Floor Session Upon Call	Senate Floor Session		
PM			Last Day to Pass Legislation		

We are already seeing some of the fallout from this truncated schedule leading to conflict between the chambers. Prior to the Senate’s return, several committee chairs notified Assembly authors that the Senate would be winnowing down the number of bills they would hear. Senator Hannah Beth Jackson (D-Santa Barbara), chair of the Senate Judiciary Committee, for example, culled the 80+ bills sent from the Assembly down to just a third of that number for the Committee’s first hearing. In response, Speaker Anthony Rendon (D-Lakewood) postponed the Assembly’s hearings by a day, informing members that he was “concerned about the imbalance of bills yet to be considered in each house.” The Assembly continued with its regular schedule the following day.

❖ **Economic Stimulus Proposals.**

The Legislature Releases a Joint \$100 Billion Stimulus Plan. The Assembly and Senate Working Groups, led by Senator Hertzberg (D-Van Nuys), Senator Bradford (D-Gardena), Assemblymember Ting (D-San Francisco), and Assemblymember Irwin (D-Thousand Oaks), have proposed a \$100 billion economic stimulus plan.

A key component of the plan is contingent on the Federal stimulus proposal. The state plan would have California potentially cover the difference between the existing federal unemployment benefits of \$600 a week and the newly proposed limit of \$200 a week. California would cover the \$400 weekly difference in unemployment per person.

The plan would establish an Economic Recovery Fund that authorizes the Treasurer to issue tax vouchers, which would generate revenue to fund the stimulus efforts. The plan would also accelerate infrastructure development around SB 1, broadband deployment, and other green investments. Additionally, it also provides tax relief and directs revenue to support for small businesses, unemployment insurance, childcare, affordable housing, and protecting renters from eviction.

Governor’s Task Force Faces Criticism. Governor Newsom’s ‘Task Force on Business and Jobs Recovery’ has been criticized recently for failing to provide a public roadmap or presenting ideas to the Legislature for short, mid, and long-term solutions to stimulate California’s economy. The Governor has stated that

the Task Force leadership has advised many of the actions his administration has taken, including providing metrics and insider information that has allowed him to direct aid and safely reopen sectors of the economy.



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
August 14, 2020 Legislative Committee Hearing

General Update

On July 27th, both houses of the Legislature returned from an extended summer recess. Due to the surge in new COVID-19 cases that occurred in the middle of July, the Legislature delayed their return by two weeks as a safety precaution. However, their late return only gives them five weeks of session before the August 31st deadline. As a result of this time crunch, we have seen another round of cut downs related to bills being heard in committees.

The latest round of limiting which bills are heard has caused some tension between the two houses. One Assemblymember even commented during a committee hearing that they would not vote for a single bill from the other house until there was clarity on which bills would be set. This caused the Assembly leadership to cancel all policy hearings the following day and a number of committees scheduled for the first week after they returned were postponed. Leadership from both houses have been trying to prioritize which bills will be heard in the final weeks, but the postponement of hearings is only adding to the already crammed schedule.

Additionally, the Senate and Assembly Democrats announced a joint \$100 billion stimulus plan to revitalize California's economy. The effort is being led by Senators Bob Hertzberg (D- Van Nuys) and Steven Bradford (D-Gardena), and Assemblymembers Phil Ting (D-San Francisco) and Jacqui Irwin (D-Thousand Oaks). Further, Senate President Pro Tem Toni Atkins (D-San Diego) and Assembly Speaker Anthony Rendon (D-Lakewood) have also endorsed the proposal. The lawmakers aim to protect Californians and spur job creation during and after the COVID-19 pandemic. One of the main components of the plan revolves around investments in our Green Economy. This includes providing incentives for clean vehicles and expanding electric vehicle charging infrastructure.

Elected Officials Contacted on Behalf of South Coast AQMD:

California Advisors met with the following legislators or their offices on behalf of the South Coast AQMD:

Senate:

Bob Archuleta (SB 895), Bill Dodd (SB 1099)

Assembly:

Laura Friedman (SB 1099)

ATTACHMENT 4

South Coast Air Quality Management District
Legislative Analysis Summary – AB 1714 (Aguiar-Curry)
Version: Amended – 5/18/2020
Analyst: PC

AB 1714 (Aguiar-Curry) Emissions limitations: wine fermentation.

Summary: This bill would:

- 1) Require the Air Resources Board (CARB) to convene a working group to review the state of air pollution control technologies, operational or maintenance standards, and work practices that may be applied to wine fermentation tanks;
- 2) Require air districts, when an air district adopts a rule or issues a permit requiring air pollution control technology to be installed on wine fermentation tanks, to include various finding as part of that action, including an indication that the air pollution control technology will not affect the quality, sanitation, style, or marketability of the wine expected to be fermented in the tank;
- 3) Require CARB to allocate \$1,000,000 to the University of California Davis for a study that makes recommendations to address air emissions from wine fermentation tanks in a manner that is in full compliance with state and federal air quality laws; and
- 4) Clarify that the bill does not apply to a district that prior to January 1, 2019, ordered the installation of air pollution control equipment on wine fermentation tanks.

Background: Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law requires each air district to attain ambient air standards for specified air pollutants, including, among others, ozone.

The bill includes legislative findings and declarations as follows: (1) The wine industry in California is an important and iconic part of the agricultural industry in the state; (2) The wine industry employs 325,000 state residents, generates \$57.6 billion in annual economic activity in the state, pays \$7.6 billion in state taxes, attracts 23.6 million tourist visits annually, and generates \$7.2 billion in annual tourism expenditures; and (3) Clean air is vital to our communities and to the state as a whole.

The bill also states that it is the intent of the Legislature that the purpose of this bill is to ensure that there is a full, open, thorough, and public process for emissions limitations on wine facilities that is are consistent with state and federal clean air laws while ensuring districts take into account considerations unique to the wine industry in the state.

Status: 5/18/2020 - From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Sen. Comm. on EQ.

Specific Provisions: Specifically, this bill would:

- 1) Require CARB to convene a working group for the purposes of reviewing the state of air pollution control technologies, operational or maintenance standards, and work practices that may be applied to wine fermentation tanks, and the costs and benefits of those technologies, standards, and practices;
- 2) Require CARB to review options for the reduction of emissions from wine fermentation tanks that, to the maximum extent feasible, preserve and protect the quality, taste, and other unique attributes associated with wine while complying with air quality standards and objectives
- 3) Require CARB to provide air districts a summary of all cost-effective options to achieve the emissions reductions from wine fermentation tanks in addition to those options' respective abilities to preserve and protect the quality, taste, and other unique attributes associated with wine; and
- 4) Require air districts, when an air district adopts a rule or issues a permit requiring air pollution control technology to be installed on wine fermentation tanks, to include as part of that action all the following:
 - a. Either of the following:
 - i. A finding that the results of the study required by this bill demonstrate that the air pollution control technology will not affect the quality, sanitation, style, or marketability of the wine expected to be fermented in the tank.
 - ii. A finding, if the study required by this bill has not been completed, that the air pollution control technology is not expected to affect the quality, sanitation, style, or marketability of the wine expected to be fermented in the tank based on the best judgment of the district in consultation with the working group established pursuant to this bill.
 - b. A finding that disposal is readily available and cost effective for the sludges, condensates, discharges, or other wastes produced by the air pollution control technology.
 - c. A finding that operational or maintenance standards or work practices will not achieve emission reductions equivalent to the net reductions expected from installation of the air pollution control technology.
 - d. A finding that the installation of the air pollution control technology is required by federal law.
- 5) Require CARB to allocate \$1,000,000, upon appropriation, to the University of California Davis Department of Viticulture and Enology for a study that makes recommendations on options to address air emissions from wine fermentation tanks in a manner that is in full compliance with state and federal air quality laws.

- a. The study shall be prepared and submitted to the Governor and the Legislature.
 - b. No later than January 1, 2022, a report shall be submitted to the Governor and Legislature describing the status of the study and future steps required, if any. The report shall be updated annually, no later than January 1 each year, until the study has concluded.
- 6) Require that the study shall be performed in consultation and cooperation with the state board, districts, and experts from the wine industry.
 - 7) Clarify that the bill does not apply to a district that prior to January 1, 2019, had ordered the installation of air pollution control equipment on wine fermentation tanks.

Impacts on South Coast AQMD’s Mission, Operations or Initiatives: This bill is an attack on the rulemaking authority of local air districts within California, including the South Coast AQMD, and runs counter to South Coast AQMD’s goal and objective to protect and ensure adequate South Coast AQMD authority for implementation of the Board’s clean air policies and programs. This bill imposes unreasonable and unworkable requirements on air districts with respect to their rulemaking relating to wineries, including requiring air districts to make findings that air pollution control technology on wine tanks will not affect the quality, sanitation, style, or marketability of the wine fermented in those tanks. Such findings are unrelated to the function or expertise of air districts. Practically speaking, these conditions would essentially work to prevent rulemaking by air districts with respect to wineries.

This bill sets a bad precedent and could encourage others to pursue legislation that seeks to limit or otherwise alter air district authority. Despite the fact that emissions from wineries within the South Coast region are not a major source of pollution regionwide, this bill could be detrimental to South Coast AQMD policy priorities to reduce criteria pollutant emissions, facilitate attainment of federal air quality standards and protect public health within the South Coast.

Recommended Position: OPPOSE

AMENDED IN SENATE MAY 18, 2020

AMENDED IN SENATE AUGUST 28, 2019

AMENDED IN ASSEMBLY APRIL 3, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

ASSEMBLY BILL

No. 1714

**Introduced by Assembly Member Aguiar-Curry
(Coauthor: Assembly Member Blanca Rubio)**

February 22, 2019

An act to add Article 8.5 (commencing with Section 41990) to Chapter 3 of Part 4 of Division 26 of the Health and Safety Code, relating to nonvehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1714, as amended, Aguiar-Curry. Emissions limitations: wine fermentation.

(1) Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law requires each *air* district to attain ambient air standards for specified air pollutants, including, among others, ozone.

This bill would require the State Air Resources Board to convene a working group with a specified membership for the purposes of reviewing the state of air pollution control technologies, operational or maintenance standards, and work practices that may be applied to wine fermentation tanks, and the costs and benefits of those technologies, standards, and practices. The bill also would require the state board to review options for the reduction of emissions from wine fermentation tanks that, to the maximum extent feasible, preserve and protect the

quality, taste, and other unique attributes associated with wine while complying with air quality standards and objectives and would require the state board to provide air districts a summary of all cost-effective options to achieve the emissions reductions from wine fermentation tanks in addition to those options’ respective abilities to preserve and protect the quality, taste, and other unique attributes associated with wine.

This bill would require air districts, as specified, when an air district adopts a rule or issues a permit requiring air pollution control technology to be installed on wine fermentation tanks, to include as part of that action specified findings. By adding to the duties of air districts when adopting a rule on wine fermentation tanks, the bill would impose a state-mandated local program.

This bill would require the state board to allocate \$1,000,000, available upon appropriation, to the University of California Davis ~~School~~ *Department* of Viticulture and Enology for a study that makes recommendations on options to address air emissions from wine fermentation tanks in a manner that is in full compliance with state and federal air quality laws, as specified. The bill would require the study to be prepared and submitted to the Governor and the Legislature, as specified.

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

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

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

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

1 SECTION 1. Article 8.5 (commencing with Section 41990) is
2 added to Chapter 3 of Part 4 of Division 26 of the Health and Safety
3 Code, to read:

4

5 Article 8.5. Wine Fermentation

6

7 41990. (a) The Legislature finds and declares all of the
8 following:

1 (1) The wine industry in California is an important and iconic
2 part of the agricultural industry in the state.

3 (2) The wine industry employs 325,000 state residents, generates
4 \$57.6 billion in annual economic activity in the state, pays \$7.6
5 billion in state taxes, attracts 23.6 million tourist visits annually,
6 and generates \$7.2 billion in annual tourism expenditures.

7 (3) Clean air is vital to our communities and to the state as a
8 whole.

9 (b) It is the intent of the Legislature that the purpose of this
10 article is to ensure there is a full, open, thorough, and public
11 process for emissions limitations on wine facilities that ~~is~~ *are*
12 consistent with state and federal clean air laws while ensuring
13 districts take into account considerations unique to the wine
14 industry in the state.

15 41991. The state board shall do all of the following:

16 (a) Convene a working group, for the purposes of reviewing the
17 state of air pollution control technologies, operational or
18 maintenance standards, and work practices that may be applied to
19 wine fermentation tanks, and the costs and benefits of those
20 technologies, standards, and practices, with a membership that
21 consists of all of the following:

22 (1) Members of the public.

23 (2) Experts from the wine industry.

24 (3) Public health and environmental experts.

25 (4) One or more districts in which wineries are located in the
26 state.

27 (b) Review options for the reduction of emissions from wine
28 fermentation tanks that, to the maximum extent feasible, preserve
29 and protect the quality, taste, and other unique attributes associated
30 with wine while complying with air quality standards and
31 objectives.

32 (c) Provide districts a summary of all cost-effective options to
33 achieve the emissions reductions from wine fermentation tanks in
34 addition to those options' respective abilities to preserve and
35 protect the quality, taste, and other unique attributes associated
36 with wine.

37 41992. Consistent with federal law, when a district adopts a
38 rule or issues a permit requiring air pollution control technology
39 to be installed on wine fermentation tanks, the district shall include
40 as part of that action all of the following:

1 (a) Either of the following:

2 (1) A finding that the results of the study described in Section
3 41993 demonstrate that the air pollution control technology will
4 not affect the quality, sanitation, style, or marketability of the wine
5 expected to be fermented in the tank.

6 (2) A finding, if the study described in Section 41993 has not
7 been completed, that the air pollution control technology is not
8 expected to affect the quality, sanitation, style, or marketability of
9 the wine expected to be fermented in the tank based on the best
10 judgment of the district in consultation with the working group
11 established pursuant to subdivision (a) of Section 41991.

12 (b) A finding that disposal is readily available and cost effective
13 for the sludges, condensates, discharges, or other wastes produced
14 by the air pollution control technology.

15 (c) A finding that operational or maintenance standards or work
16 practices will not achieve emission reductions equivalent to the
17 net reductions expected from installation of the air pollution control
18 technology.

19 (d) A finding that the installation of the air pollution control
20 technology is required by federal law.

21 41993. (a) (1) The state board shall allocate one million dollars
22 (\$1,000,000), available upon appropriation by the Legislature, to
23 the University of California Davis ~~School~~ Department of
24 Viticulture and Enology for a study that makes recommendations
25 on options to address air emissions from wine fermentation tanks
26 in a manner that is in full compliance with state and federal air
27 quality laws. The study shall be prepared and submitted to the
28 Governor and the Legislature.

29 (2) No later than January 1, ~~2021~~, 2022, a report shall be
30 submitted to the Governor and Legislature describing the status
31 of the study and future steps required, if any. *The report shall be*
32 *updated annually, no later than January 1 each year, until the*
33 *study has concluded.*

34 (b) The study shall be performed in consultation and cooperation
35 with the state board, districts, and experts from the wine industry.

36 (c) The study shall review all of the following:

37 (1) The effects of air pollution control technology on wine
38 fermentation tanks that contain multiple vintages and multiple
39 varietals, on aging, on consumer and market preference changes,
40 and on varying tank designs.

- 1 (2) A representative sample of wine types, wine styles, and
2 anticipated wine styles that may be driven by consumers.
- 3 (3) Tank size variability and impact.
- 4 (4) The potential contamination risks of ducted versus unducted
5 air pollution control technology.
- 6 (5) Impacts, if any, on wine flavor, quality, and marketability.
- 7 (6) Potential alternatives to air pollution control technology that
8 achieve the equivalent or greater in emissions reductions.
- 9 (7) Options for the disposal of captured ethanol.
- 10 (8) Effects of related laws, such as the federal FDA Food Safety
11 Modernization Act (Public Law 111-353).
- 12 (9) Effects on worker safety and associated wine equipment.
- 13 (d) The study shall be made available for public comment prior
14 to being submitted to the Governor and Legislature pursuant to
15 subdivision (a).
- 16 (e) A report to be submitted pursuant to this section shall be
17 submitted in compliance with Section 9795 of the Government
18 Code.
19 41994. This article does not apply to a district that ~~had a rule~~
20 ~~in effect as of prior to January 1, 2020, that imposes an emissions~~
21 ~~limit 2019, had ordered the installation of air pollution control~~
22 ~~equipment~~ on wine fermentation tanks.
- 23 SEC. 2. No reimbursement is required by this act pursuant to
24 Section 6 of Article XIII B of the California Constitution because
25 a local agency or school district has the authority to levy service
26 charges, fees, or assessments sufficient to pay for the program or
27 level of service mandated by this act, within the meaning of Section
28 17556 of the Government Code.

SB 662 (Archuleta)

Energy: transportation sector: hydrogen.

Summary: This bill would allow for gas investor owned utilities (IOUs) to invest in distribution infrastructure for hydrogen transportation fuel in order to accelerate the widespread electrification of the transportation sector in California.

SB 662 would also set a progressive standard for decarbonization of hydrogen transportation fuel that mirrors requirements for decarbonization set for electricity under SB 100 (De Leon, 2018) so as to ensure that renewable hydrogen investments are at least as clean as those in battery-electric technologies and become progressively cleaner at the same pace as the electrical grid.

Background: SB 350 required the California Public Utilities Commission (PUC) to direct electrical IOUs to invest in the electrification of the transportation sector. They are required by the PUC to invest hundreds of millions of dollars collectively in programs that “accelerate widespread transportation electrification.” However, no such program exists for the state’s gas utilities who the author argues have the potential to affect widespread transportation electrification in an equally powerful way through the funding of projects related to the needed infrastructure to distribute zero-emission, renewable hydrogen transportation fuels.

While investments in battery electric vehicle (BEV) charging infrastructure by electrical IOUs have clear value in achieving the state’s greenhouse gas (GHG) reduction targets, they will not get us there alone. The author argues that hydrogen fuel cell electric vehicles (FCEV) are another significant option to reduce GHG and criteria pollutant emissions. The cost of transporting and distributing hydrogen fuel and the lack of needed distribution infrastructure have proven to be the greatest barriers to widespread adoption of FCEV technologies. FCEVs are the only zero emission option for many Californians who live in multi-unit dwellings with no access to onsite charging infrastructure.

The author also claims that fuel cell technology has proven the only feasible option for many operators in the medium and heavy-duty arenas such as buses, trucks, warehouse equipment, marine vessels, locomotives, etc. Long routes and operating times, extreme temperatures and high torque and horsepower needs are just a few reasons why fuel cell technology has been needed in these medium and heavy-duty settings. Without investments in renewable hydrogen fuel distribution, those applications where needs cannot be adequately met by battery electric technology will likely be applications that remain powered by diesel and other non-zero-emission powertrains.

Status: 6/25/2020 - From committee with author's amendments. Read second time and amended. Re-referred to Asm. Comm. on U. & E.

Specific Provisions: Specifically, this bill would:

- 1) Revise the definition of “transportation electrification” to include the use of renewable hydrogen when used directly as a transportation fuel in fuel cell electric vehicles, if the hydrogen meets specified renewable content requirements;
- 2) Require the PUC, in consultation with CARB and the Energy Commission, to authorize gas corporations to file applications for investments in programs to accelerate widespread transportation electrification to advance specified environmental objectives;
- 3) Require the PUC to approve programs and investments in transportation electrification, including hydrogen and hydrogen-related distribution, pipelines, and make-ready infrastructure for hydrogen, utilizing a reasonable cost recovery mechanism if they are consistent with the specified environmental objectives, do not unfairly compete with nonutility enterprises, include performance accountability measures, and are in the interest of ratepayers; and
- 4) Require that CARB regulations, relating to hydrogen fuel dispensed for transportation purposes in California, require that not less than 33.3% of the hydrogen produced or dispensed in California for motor vehicles be renewable hydrogen. The bill would require that the renewable hydrogen percentage be increased to 44% by December 31, 2024, 52% by December 31, 2027, 60% by December 31, 2030, and would require that by December 31, 2045, 100% of the hydrogen produced or dispensed in California for motor vehicles be either renewable hydrogen or clean hydrogen produced using zero-carbon resources.

Impacts on SCAQMD’s Mission, Operations or Initiatives: The author argues that by ensuring that gas IOUs also participate in transitioning our transportation sector to zero emission, California can ensure successful attainment of air quality standards and accomplishment of the State’s ambitious emission reduction goals. Utility investment in these technologies is a proven success with electrical utilities; SB 662 would build on those successes by allowing gas IOUs to do their part through the advancement of renewable hydrogen transportation fuel. Bill language that requires hydrogen to decarbonize at the same rate as electricity can ensure that both zero emission options are equally clean.

Overall, this bill is in line with South Coast AQMD’s mission to protect public health, reduce criteria pollutant and toxic air contaminant emissions, promote clean technology and attain federal air quality standards within the South Coast region.

Recommended Position: SUPPORT

Support

Air Liquide
Alaska Applied Sciences
American Honda Motor Company
Ballard Power Systems – **Sponsor**
California Hydrogen Business Council
California Hydrogen Coalition
Center for Transportation and the Environment
Coalition for Clean Air
Energy Independence Now
First Element
Golden Gate Zero Emission Marine
H2B2
H2Safe
Hitachi Zosen Inova
ITM Power
Johnson Matthey Fuel Cells
Linde PLC
Loop Energy
Millennium Reign Energy
Nel Hydrogen
Nuvera Fuel Cells
PDC Machines
Plug Power
Red and White Fleet
SoCal Gas
Solar Wind Storage
SunLine Transit Agency
T2M Global
US Hybrid
Vinjamuri Innovations
Winkleman Flowform Technology

Opposition

N/A

AMENDED IN ASSEMBLY JUNE 25, 2020

AMENDED IN SENATE APRIL 30, 2019

AMENDED IN SENATE APRIL 11, 2019

SENATE BILL

No. 662

Introduced by Senator Archuleta
(Coauthors: Senators Jones and Stern)
(Coauthor: Assembly Member Mayes)

February 22, 2019

An act to amend Section 43869 of the Health and Safety Code, and to amend Sections 237.5, ~~400~~, 400.3, 740.3, 740.8, and 740.12 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 662, as amended, Archuleta. ~~Green electrolytic~~ *Energy: transportation sector: hydrogen.*

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, while local publicly owned electric utilities are under the direction of their governing boards. Existing law requires the PUC and the State Energy Resources Conservation and Development Commission (Energy Commission) to undertake specified actions to advance the state's clean energy and pollution reduction objectives, including, where feasible, cost effective, and consistent with other state policy objectives, to increase the use of large- and small-scale energy storage with a variety of technologies, including green electrolytic hydrogen, ~~defined as hydrogen gas produced through electrolysis and not from fossil fuel,~~ targeted energy efficiency, demand response, eligible renewable energy resources or other renewable and nonrenewable technologies with zero

or lowest feasible emissions of greenhouse gases, criteria pollutants, and toxic air contaminants onsite to protect system reliability. *For these purposes, “green electrolytic hydrogen” is defined as hydrogen gas produced through electrolysis and not from fossil fuel.*

~~This bill would additionally require the PUC and Energy Commission to take into account opportunities to increase grid-responsive production of green electrolytic hydrogen for use in the transportation sector.~~

Existing law requires the PUC, State Air Resources Board (state board), and Energy Commission to consider green electrolytic hydrogen as an eligible form of energy storage, and to consider other potential uses of green electrolytic hydrogen.

~~This bill would include use of green electrolytic hydrogen as an alternative transportation fuel as another potential use for these purposes and would provide that grid-responsive production of green electrolytic hydrogen using excess or low-cost renewable generation and the use of that hydrogen as a mechanism of energy storage to displace the use of fossil fuels to generate electricity and as a transportation fuel are clean energy and pollution reduction objectives and technologies of this state. purposes.~~

The Charge Ahead California Initiative, administered by the State Air Resources Board (state board), among other things, requires the state board to identify and adopt appropriate policies, rules, or regulations to remove regulatory disincentives preventing certain retail sellers of electricity from facilitating the achievement of greenhouse gas emission reductions in nonelectrical industry sectors through increased investments in transportation electrification.

Existing law, enacted as part of the Clean Energy and Pollution Reduction Act of 2015, requires the PUC, in consultation with the Energy Commission and state board, to direct electrical corporations to file applications for programs and investments to accelerate widespread transportation electrification, as defined, to achieve specified results. The PUC is required to approve, or modify and approve, programs and investments in transportation electrification, including those that deploy charging infrastructure, through a reasonable cost recovery mechanism, if they meet specified requirements.

~~This bill would revise the definition of “transportation electrification” for this purpose to include the use of green electrolytic hydrogen, produced as specified, as a transportation fuel. The bill would authorize the PUC to consider proposed programs and investments by an electrical corporation in hydrogen fueling infrastructure and the production of~~

~~green electrolytic hydrogen as a transportation fuel, via a reasonable cost recovery mechanism, if they meet specified requirements: renewable hydrogen when used directly as a transportation fuel in fuel cell electric vehicles, if the hydrogen meets specified renewable content requirements. The bill would require the PUC, in consultation with the state board and the Energy Commission, to authorize gas corporations to file applications for investments in programs to accelerate widespread transportation electrification to advance specified environmental objectives. The bill would require the PUC to approve, or modify and approve, programs and investments in transportation electrification, including hydrogen and hydrogen-related distribution, pipelines, and make-ready infrastructure for hydrogen, utilizing a reasonable cost recovery mechanism if they are consistent with the specified environmental objectives, do not unfairly compete with nonutility enterprises, include performance accountability measures, and are in the interest of ratepayers, as defined.~~

Existing law generally designates the state board as the state agency with the primary responsibility for the control of vehicular air pollution and requires the state board, in partnership with the Energy Commission and in conjunction with other state agencies, to develop and adopt a state plan to increase the use of alternative fuels, as defined. Existing law requires the state board to adopt regulations that will ensure that, in any year immediately following a 12-month period in which the mass of hydrogen fuel dispensed for transportation purposes in California exceeds 3,500 metric tons, no less than 33.3% of the hydrogen produced or dispensed in California for motor vehicles be made from eligible renewable energy resources, as defined.

This bill would require those regulations to require that, on a statewide basis, not less than 33.3% of the hydrogen produced or dispensed in California for motor vehicles be renewable hydrogen, as defined. The bill would require that the renewable hydrogen percentage be increased to 44% by December 31, 2024, 52% by December 31, 2027, 60% by December 31, 2030, and would require that by December 31, 2045, 100% of the hydrogen produced or dispensed in California for motor vehicles be either renewable hydrogen or clean hydrogen produced using zero-carbon resources.

Existing law requires that the governing board of a local publicly owned electric utility with an annual electrical demand exceeding 700 gigawatthours adopt an integrated resource plan and a process for updating the plan at least once every 5 years to ensure the utility

achieves specified objectives. Existing law requires that the integrated resource plan address procurement of, among other things, transportation electrification and a diversified procurement portfolio consisting of both short-term and long-term electricity, electricity-related, and demand response products.

By expanding the definition of transportation electrification the bill would expand the matter that a local publicly owned electric utility must consider when updating an integrated resource plan, thereby imposing a state-mandated local program.

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

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

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

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

1 SECTION 1. (a) This act shall be known, and may be cited,
2 as the Hydrogen Transportation Electrification Act of 2020.
3 (b) The Legislature finds and declares all of the following:
4 (1) Hydrogen fuel cell electric vehicles are electrically driven
5 vehicles that produce zero emissions of greenhouse gases, criteria
6 air pollutants, or toxic air contaminants.
7 (2) Hydrogen fuel cell electric vehicles are a commercially
8 available, one-for-one replacement technology for conventional,
9 petroleum-fueled vehicles in heavy-, medium-, and light-duty
10 applications.
11 (3) Hydrogen fuel cell electric vehicles will be critical
12 components in achieving the state's air quality and climate change
13 goals through successful implementation of laws and regulations,
14 including, but not limited to, the Innovative Clean Transit
15 regulations (Article 4.3 (commencing with Section 2023) of
16 Chapter 1 of Division 3 of Title 13 of the California Code of
17 Regulations), the Zero-Emission Airport Shuttle Regulation
18 (Subarticle 14 (commencing with Section 95690.1) of Article 4 of
19 Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the
20 California Code of Regulations), the Zero-Emission Vehicle
21 Program (Sections 1962.2 and 1962.3 of Title 13 of the California

1 *Code of Regulations), the In-Use Off-Road Diesel-Fueled Fleets*
2 *Regulation (Article 4.8 (commencing with Section 2449) of Chapter*
3 *9 of Division 3 of Title 13 of the California Code of Regulations),*
4 *the commercial harbor craft regulations (Section 2299.5 of Title*
5 *13 of, and Section 93118.5 of Title 17 of, the California Code of*
6 *Regulations), the State Air Resources Board’s proposed revisions*
7 *to Title 13 of the California Code of Regulations known as the*
8 *Proposed Advanced Clean Trucks Regulation, the state*
9 *implementation plan required by the Clean Air Act (42 U.S.C. Sec.*
10 *7401 et seq.), the scoping plan adopted by the State Air Resources*
11 *Board pursuant to Section 38561 of the Health and Safety Code,*
12 *the short-lived climate pollutant reduction strategy adopted by the*
13 *State Air Resources Board pursuant to Chapter 4.2 (commencing*
14 *with Section 39730) of Part 2 of Division 26 of the Health and*
15 *Safety Code and Chapter 13.1 (commencing with Section 42652)*
16 *of Part 3 of Division 30 of the Public Resources Code, and*
17 *reducing emissions of greenhouse gases to 40 percent below 1990*
18 *levels by 2030.*

19 *(4) The production of hydrogen has many pathways, each with*
20 *distinct potential benefits and cobenefits that promote California’s*
21 *existing public health and environmental quality goals, including,*
22 *but not limited to, reducing the carbon intensity of transportation*
23 *fuels, reducing emissions of greenhouse gases, including emissions*
24 *of short-lived climate pollutants, and improving air quality by*
25 *reducing emissions of criteria air pollutants from both vehicles*
26 *and fuel production facilities.*

27 *(5) Hydrogen transportation fuel currently has a higher*
28 *renewable content than average California grid electricity and it*
29 *is technologically and economically feasible to further decarbonize*
30 *hydrogen transportation fuel at the same pace as electricity under*
31 *The 100 Percent Clean Energy Act of 2018 (Chapter 312 of the*
32 *Statutes of 2018).*

33 *(6) Ensuring that renewable standards for hydrogen*
34 *transportation fuel align with those set forth by the state for*
35 *electricity under The 100 Percent Clean Energy Act of 2018 will*
36 *ensure that hydrogen transportation fuel is at least as clean and*
37 *renewable as electricity in the state.*

38 *SEC. 2. Section 43869 of the Health and Safety Code is*
39 *amended to read:*

1 43869. (a) The state board shall, no later than July 1, 2008,
2 develop and, after at least two public workshops, adopt hydrogen
3 fuel regulations to ensure the following:

4 (1) That state funding for the production and use of hydrogen
5 fuel, as described in the California Hydrogen Highway Blueprint
6 Plan, contributes to the reduction of greenhouse gas emissions,
7 criteria air pollutant emissions, and toxic air contaminant emissions.
8 The regulations, at a minimum, shall do all of the following:

9 (A) Require that, on a statewide basis, well-to-wheel emissions
10 of greenhouse gases for the average hydrogen-powered vehicle
11 fueled by hydrogen from fueling stations that receive state funds
12 are at least 30 percent lower than emissions for the average new
13 gasoline vehicle in California when measured on a per-mile basis.

14 (B) (i) Require that, on a statewide basis, no less than 33.3
15 percent of the hydrogen produced for, or dispensed by, fueling
16 stations that receive state funds be made from eligible renewable
17 energy resources as defined in Section 399.12 of the Public Utilities
18 Code.

19 (ii) If the state board determines that there is insufficient
20 availability of hydrogen fuel from eligible renewable resources to
21 meet the 33.3-percent requirement of this subparagraph, the state
22 board may, after at least one public workshop and on a one-time
23 basis, reduce the requirement by an amount, not to exceed 10
24 percentage points, that the state board determines is necessary to
25 result in a renewable percentage requirement for hydrogen fuel
26 that is achievable.

27 (iii) If the executive officer of the state board determines that
28 it is not feasible for a public transit operator to use hydrogen fuel
29 made from eligible renewable resources, the executive officer may
30 exempt the operator from the requirements of this subparagraph
31 for a period of not more than five years and may extend the
32 exemption for up to five additional years.

33 (C) Prohibit hydrogen fuel producers from counting as a
34 renewable energy resource, pursuant to clause (i) of subparagraph
35 (B), any electricity produced from sources previously procured by
36 a retail seller and verifiably counted by the retail seller towards
37 meeting the renewables portfolio standard obligation, as required
38 by Article 16 (commencing with Section 399.11) of Chapter 2.3
39 of Part 1 of Division 1 of the Public Utilities Code.

1 (D) Require that all hydrogen fuel dispensed from fueling
2 stations that receive state funds be generated in a manner so that
3 local well-to-tank emissions of nitrogen oxides plus reactive
4 organic gases are at least 50 percent lower than well-to-tank
5 emissions of the average motor gasoline sold in California when
6 measured on an energy equivalent basis.

7 (E) Require that well-to-tank emissions of relevant toxic air
8 contaminants for hydrogen fuel dispensed from fueling stations
9 that receive state funds be reduced to the maximum extent feasible
10 at each site when compared to well-to-tank emissions of toxic air
11 contaminants of the average motor gasoline fuel on an energy
12 equivalent basis. In no case shall the toxic emissions be greater
13 than the emissions from gasoline on an energy equivalent basis.

14 (F) Require that providers of hydrogen fuel for transportation
15 in the state report to the state board the annual mass of hydrogen
16 fuel dispensed and the method by which the dispensed hydrogen
17 was produced and delivered.

18 (G) Authorize the state board, after at least one public workshop,
19 to grant authority to the executive officer of the state board to
20 exempt from this paragraph, for a period of no more than five
21 years, hydrogen dispensing facilities constructed for small
22 demonstration or temporary purposes. The exemption may be
23 extended on a case-by-case basis upon a finding that the extension
24 will not harm public health. The executive officer may limit the
25 total number of exemptions by geographic region, including by
26 air district, but the average annual mass of hydrogen dispensed
27 from exempted facilities shall not exceed 10 percent of the total
28 mass of hydrogen fuel dispensed for transportation purposes in
29 the state.

30 (2) That, in any year immediately following a 12-month period
31 in which the mass of hydrogen fuel dispensed for transportation
32 purposes in California exceeds 3,500 metric tons, the production
33 and direct use of hydrogen fuels for motor vehicles in the state,
34 including, but not limited to, any hydrogen highway network that
35 is developed pursuant to the California Hydrogen Highway
36 Blueprint Plan, contributes to a reduced dependence on petroleum,
37 as well as reductions in greenhouse gas emissions, criteria air
38 pollutant emissions, and toxic air contaminant emissions. For the
39 purpose of this paragraph, the regulations, at a minimum, shall do
40 all of the following:

1 (A) Require that, on a statewide basis, well-to-wheel emissions
2 of greenhouse gases for the average hydrogen-powered vehicle in
3 California are at least 30 percent lower than emissions for the
4 average new gasoline vehicle in California when measured on a
5 per-mile basis.

6 (B) (i) Require that, on a statewide basis, no less than 33.3
7 percent of the hydrogen produced or dispensed in California for
8 motor vehicles be ~~made from eligible renewable energy resources~~
9 ~~as defined in Section 399.12 of the Public Utilities Code.~~ *renewable*
10 *hydrogen, as defined in Section 95481 of Title 17 of the California*
11 *Code of Regulations.*

12 (ii) *Require that, by December 31, 2024, on a statewide basis,*
13 *no less than 44 percent of the hydrogen produced or dispensed in*
14 *California for motor vehicles be renewable hydrogen.*

15 (iii) *Require that, by December 31, 2027, on a statewide basis,*
16 *no less than 52 percent of the hydrogen produced or dispensed in*
17 *California for motor vehicles be renewable hydrogen.*

18 (iv) *Require that, by December 31, 2030, on a statewide basis,*
19 *no less than 60 percent of the hydrogen produced or dispensed in*
20 *California for motor vehicles be renewable hydrogen.*

21 (v) *Require that, by December 31, 2045, on a statewide basis,*
22 *100 percent of the hydrogen produced or dispensed in California*
23 *for motor vehicles be either renewable hydrogen or clean hydrogen*
24 *produced using zero-carbon resources, as that term is used in*
25 *Section 454.53 of the Public Utilities Code.*

26 (C) Prohibit hydrogen fuel producers from counting as a
27 renewable energy resource, for purposes of subparagraph (B), any
28 electricity produced from sources previously procured by a retail
29 seller and verifiably counted by the retail seller towards meeting
30 the requirements established by the California Renewables
31 Portfolio Standard Program, as set forth in Article 16 (commencing
32 with Section 399.11) of Chapter 2.3 of Part 1 of Division 1 of the
33 Public Utilities Code.

34 (D) Require that all hydrogen fuel dispensed in California for
35 motor vehicles be generated in a manner so that local well-to-tank
36 emissions of nitrogen oxides plus reactive organic gases are at
37 least 50 percent lower than well-to-tank emissions of the average
38 motor gasoline sold in California when measured on an energy
39 equivalent basis.

1 (E) Require that well-to-tank emissions of relevant toxic air
2 contaminants from hydrogen fuel produced or dispensed in
3 California be reduced to the maximum extent feasible at each site
4 when compared to well-to-tank emissions of toxic air contaminants
5 of the average motor gasoline fuel on an energy equivalent basis.
6 In no case shall the toxic emissions from hydrogen fuel be greater
7 than the toxic emissions from gasoline on an energy equivalent
8 basis.

9 (F) Authorize the state board, after at least one public workshop,
10 to grant authority to the executive officer of the state board to
11 exempt from this paragraph, for a period of no more than five
12 years, hydrogen dispensing facilities that dispense an average of
13 no more than 100 kilograms of hydrogen fuel per month. The
14 exemption may be extended on a case-by-case basis by the
15 executive officer upon a finding that the extension will not harm
16 public health. The executive officer may limit the total number of
17 exemptions by geographic region, including by air district, but the
18 average annual mass of hydrogen dispensed statewide from
19 exempted facilities shall not exceed 10 percent of the total mass
20 of hydrogen fuel dispensed for transportation purposes in the state.

21 (G) Authorize the state board, if it determines that reporting is
22 necessary to facilitate enforcement of the requirements of this
23 paragraph, to require that providers of hydrogen fuel for
24 transportation in the state report to the state board the annual mass
25 of hydrogen fuel dispensed and the method by which the dispensed
26 hydrogen was produced and delivered.

27 (b) Notwithstanding paragraph (2) of subdivision (a), the state
28 board may increase the 3,500-metric-ton threshold in paragraph
29 (2) of subdivision (a) by no more than 1,500 metric tons if at least
30 one of the following requirements is met:

31 (1) The 3,500-metric-ton threshold is first met prior to January
32 1, 2011.

33 (2) The state board determines that the 3,500-metric-ton
34 threshold has been met primarily due to hydrogen fuel consumed
35 in heavy duty vehicles.

36 (3) The state board determines at a public hearing that increasing
37 the threshold would accelerate the deployment of hydrogen fuel
38 cell vehicles in the state.

39 (c) The state board, in consultation with other relevant agencies
40 as appropriate, shall review the renewable resource requirements

1 adopted pursuant to this section every four years and shall increase
2 the renewable resource percentage requirements if it determines
3 that it is technologically feasible to do so and will not substantially
4 hinder the development of hydrogen as a transportation fuel in a
5 manner that is consistent with this section.

6 (d) The state board shall review the emission requirements
7 adopted pursuant to this section every four years and shall
8 strengthen the requirements if it determines it is technologically
9 feasible to do so and will not substantially hinder the development
10 of hydrogen as a transportation fuel in a manner that otherwise is
11 consistent with this section.

12 (e) The state board shall produce and periodically update a
13 handbook to inform and educate motor vehicle manufacturers,
14 hydrogen fuel producers, hydrogen service station operators, and
15 other interested parties on how to comply with the requirements
16 set forth in this section. This handbook shall be made available on
17 the agency's ~~Internet Web site~~ *internet website* on or before July
18 1, 2009.

19 (f) The Secretary for Environmental Protection shall convene
20 the California Environmental Protection Agency's Environmental
21 Justice Advisory Committee at least once annually to solicit the
22 committee's comments on the production and distribution of
23 hydrogen fuel in the state.

24 (g) The Secretary for Environmental Protection, in consultation
25 with the state board, shall recommend to the Legislature and the
26 Governor, on or before January 1, 2010, incentives that could be
27 offered to businesses within the hydrogen fuel industry and
28 consumers to spur the development of clean sources of hydrogen
29 fuel.

30 (h) Unless the context requires otherwise, the definitions set
31 forth in this subdivision govern the construction of this section:

32 (1) "Well-to-tank emissions" means emissions resulting from
33 production of a fuel, including resource extraction, initial
34 processing, transport, fuel production, distribution and marketing,
35 and delivery into the fuel tank of a consumer vehicle.

36 (2) "Well-to-wheel emissions" means emissions resulting from
37 production of a fuel, including resource extraction, initial
38 processing, transport, fuel production, distribution and marketing,
39 and delivery and use in a consumer vehicle.

1 SECTION 1.

2 SEC. 3. Section 237.5 of the Public Utilities Code is amended
3 to read:

4 237.5. “Transportation electrification” means the use of
5 electricity from external sources, including the electrical grid, to
6 power, in whole or in part, vehicles, vessels, trains, boats, or other
7 equipment that are mobile sources of air pollution and greenhouse
8 gases and the related programs and charging, fueling, and
9 propulsion infrastructure investments to enable and encourage this
10 use of electricity. Transportation electrification also includes ~~green~~
11 ~~electrolytic hydrogen, as defined in Section 400.2, when used as~~
12 ~~a transportation fuel. For this purpose, green electrolytic hydrogen~~
13 ~~may not use any feedstock that is a fossil fuel or that causes,~~
14 ~~creates, or increases emissions of greenhouse gases, criteria air~~
15 ~~pollutants, or toxic air contaminants, nor may the generation of~~
16 ~~the electricity used to create the green electrolytic hydrogen cause,~~
17 ~~create, or increase emissions of greenhouse gases, criteria air~~
18 ~~pollutants, or toxic air contaminants in a higher amount relative~~
19 ~~to the generation of the electricity provided to bundled-service~~
20 ~~customers of electrical corporations: renewable hydrogen, as~~
21 ~~defined in Section 43869 of the Health and Safety Code, that has~~
22 ~~a renewables content that is equal to or greater than the eligible~~
23 ~~renewable energy resource procurement requirements of Sections~~
24 ~~399.15, 399.30, and 454.53, when the hydrogen is used directly~~
25 ~~as a transportation fuel in fuel cell electric vehicles.~~

26 SEC. 2. ~~Section 400 of the Public Utilities Code is amended~~
27 ~~to read:~~

28 400. ~~The commission and the Energy Commission shall do all~~
29 ~~of the following in furtherance of meeting the state’s clean energy~~
30 ~~and pollution reduction objectives:~~

31 (a) ~~Take into account the use of distributed generation to the~~
32 ~~extent that it provides economic and environmental benefits in~~
33 ~~disadvantaged communities identified pursuant to Section 39711~~
34 ~~of the Health and Safety Code.~~

35 (b) (1) ~~Take into account the opportunities to decrease costs~~
36 ~~and increase benefits, including pollution reduction and grid~~
37 ~~integration, using renewable and nonrenewable technologies with~~
38 ~~zero or lowest feasible emissions of greenhouse gases, criteria~~
39 ~~pollutants, and toxic air contaminants onsite in proceedings~~
40 ~~associated with meeting the objectives.~~

1 ~~(2) Take into account opportunities to increase grid-responsive~~
2 ~~production of green electrolytic hydrogen for use in the~~
3 ~~transportation sector.~~

4 ~~(e) Where feasible, authorize procurement of resources to~~
5 ~~provide grid reliability services that minimize reliance on system~~
6 ~~power and fossil fuel resources and, where feasible, cost effective,~~
7 ~~and consistent with other state policy objectives, increase the use~~
8 ~~of large- and small-scale energy storage with a variety of~~
9 ~~technologies, including green electrolytic hydrogen, targeted energy~~
10 ~~efficiency, demand response, including, but not limited to,~~
11 ~~automated demand response, eligible renewable energy resources,~~
12 ~~or other renewable and nonrenewable technologies with zero or~~
13 ~~lowest feasible emissions of greenhouse gases, criteria pollutants,~~
14 ~~and toxic air contaminants onsite to protect system reliability.~~

15 ~~(d) (1) Review technology incentive, research, development,~~
16 ~~deployment, and market facilitation programs overseen by the~~
17 ~~commission and the Energy Commission and make~~
18 ~~recommendations to advance state clean energy and pollution~~
19 ~~reduction objectives and provide benefits to disadvantaged~~
20 ~~communities identified pursuant to Section 39711 of the Health~~
21 ~~and Safety Code.~~

22 ~~(2) The Energy Commission shall review technology incentive,~~
23 ~~research, development, deployment, and market facilitation~~
24 ~~programs operating in California and overseen by academia and~~
25 ~~the private and nonprofit sectors, and make recommendations to~~
26 ~~advance state clean energy and pollution reduction objectives and~~
27 ~~provide benefits to disadvantaged communities identified pursuant~~
28 ~~to Section 39711 of the Health and Safety Code.~~

29 ~~(e) To the extent feasible and consistent with the state and~~
30 ~~federal constitutions, give first priority to the manufacture and~~
31 ~~deployment of clean energy and pollution reduction technologies~~
32 ~~that create employment opportunities in California, including high~~
33 ~~wage, highly skilled employment opportunities, and increased~~
34 ~~investment in the state.~~

35 ~~(f) Establish a publicly available tracking system to provide~~
36 ~~up-to-date information at least once annually on progress toward~~
37 ~~meeting the clean energy and pollution reduction goals of the Clean~~
38 ~~Energy and Pollution Reduction Act of 2015.~~

39 ~~(g) (1) Establish a disadvantaged community advisory group~~
40 ~~consisting of representatives from disadvantaged communities~~

1 identified pursuant to Section 39711 of the Health and Safety Code.
2 The disadvantaged community advisory group shall review and
3 provide advice on programs proposed to achieve clean energy and
4 pollution reduction and determine whether those proposed
5 programs will be effective and useful in disadvantaged
6 communities.

7 (2) Each member of the disadvantaged community advisory
8 group shall receive per diem and shall be reimbursed for travel
9 and other necessary expenses incurred in the performance of the
10 member's duties under this section. The total amount of money
11 expended for panel expenses pursuant to this paragraph shall not
12 exceed one hundred thousand dollars (\$100,000) per year.

13 (3) For the purposes of paragraph (2), per diem, travel and other
14 necessary expenses shall be funded equally by the commission
15 and the Energy Commission.

16 ~~SEC. 3.~~

17 *SEC. 4.* Section 400.3 of the Public Utilities Code is amended
18 to read:

19 400.3. The commission, State Air Resources Board, and Energy
20 Commission shall consider green electrolytic hydrogen an eligible
21 form of energy storage, and shall consider other potential uses of
22 green electrolytic hydrogen, including its use as an alternative
23 transportation fuel. ~~Grid-responsive production of green electrolytic~~
24 ~~hydrogen using excess or low-cost renewable generation and the~~
25 ~~use of that hydrogen as a mechanism of energy storage to displace~~
26 ~~the use of fossil fuels to generate electricity and as a transportation~~
27 ~~fuel are clean energy and pollution reduction objectives and~~
28 ~~technologies of this state.~~

29 *SEC. 5.* Section 740.3 of the Public Utilities Code is amended
30 to read:

31 740.3. (a) The commission, in cooperation with the Energy
32 Commission, the State Air Resources Board, air quality
33 management districts and air pollution control districts, ~~regulated~~
34 ~~electrical and~~ *electrical corporations*, gas corporations, and the
35 motor vehicle industry, shall evaluate and implement policies to
36 promote the development of equipment and infrastructure needed
37 to facilitate the use of ~~electricity~~ *electricity, hydrogen*, and natural
38 gas to fuel low-emission vehicles. Policies to be considered shall
39 include ~~both~~ of the following:

1 (1) The sale-for-resale and the rate-basing of low-emission
 2 vehicles and supporting ~~equipment~~ *equipment*, such as batteries
 3 for electric ~~vehicles and vehicles~~, compressor stations for natural
 4 gas fueled ~~vehicles. vehicles, and pipelines, distribution, and~~
 5 *make-ready infrastructure for the use of hydrogen as a*
 6 *transportation fuel.*

7 (2) The development of statewide standards for electric vehicle
 8 charger connections and compressed natural gas vehicle fueling
 9 connections, including installation procedures and technical
 10 assistance to installers.

11 (b) The commission shall hold public hearings as part of its
 12 effort to evaluate and implement the new policies considered in
 13 subdivision (a).

14 (c) The commission's policies authorizing utilities to develop
 15 equipment or infrastructure needed for ~~electricity-powered~~
 16 *electricity-powered, hydrogen fuel cell electricity-powered,* and
 17 natural gas-fueled low-emission vehicles shall ensure that the costs
 18 and expenses of those programs are not passed through to electrical
 19 or gas ratepayers unless the commission finds and determines that
 20 those programs are in the ratepayers' interest. The commission's
 21 policies shall also ensure that utilities do not unfairly compete with
 22 nonutility enterprises.

23 ~~SEC. 4.~~

24 *SEC. 6.* Section 740.8 of the Public Utilities Code is amended
 25 to read:

26 740.8. As used in Section 740.3 or 740.12, "interests" of
 27 ratepayers, short- or long-term, mean direct benefits that are
 28 specific to ratepayers, consistent with both of the following:

29 (a) Safer, more reliable, or less costly gas or electrical service,
 30 consistent with Section 451, including electrical service that is
 31 safer, more reliable, or less costly due to either improved use of
 32 the electric system or improved integration of renewable energy
 33 generation.

34 (b) Any one of the following:

35 (1) Improvement in energy efficiency of travel.

36 (2) Reduction of health and environmental impacts from air
 37 pollution.

38 (3) Reduction of greenhouse gas emissions related to electricity
 39 and natural gas production and use.

1 (4) Increased use of alternative fuels, including ~~green electrolytic~~
2 hydrogen for the transportation sector.

3 (5) Creating high-quality jobs or other economic benefits,
4 including in disadvantaged communities identified pursuant to
5 Section 39711 of the Health and Safety Code.

6 ~~SEC. 5.~~

7 *SEC. 7.* Section 740.12 of the Public Utilities Code is amended
8 to read:

9 740.12. (a) (1) The Legislature finds and declares all of the
10 following:

11 (A) Advanced clean vehicles, including battery electric and
12 hydrogen fuel cell *electric* vehicles, and fuels are needed to reduce
13 petroleum use, to meet air quality standards, to improve public
14 health, and to achieve greenhouse gas emissions reduction goals.

15 (B) Widespread transportation electrification is needed to
16 achieve the goals of the Charge Ahead California Initiative
17 (Chapter 8.5 (commencing with Section 44258) of Part 5 of
18 Division 26 of the Health and Safety Code).

19 (C) Widespread transportation electrification requires increased
20 access for disadvantaged communities, low- and moderate-income
21 communities, and other consumers of zero-emission and
22 near-zero-emission vehicles, including battery electric and
23 hydrogen fuel cell *electric* vehicles, and increased use of those
24 vehicles in those communities and by other consumers to enhance
25 air quality, lower greenhouse gases emissions, and promote overall
26 benefits to those communities and other consumers.

27 (D) Reducing emissions of greenhouse gases to 40 percent below
28 1990 levels by 2030 and to 80 percent below 1990 levels by 2050
29 will require widespread transportation electrification.

30 (E) Widespread transportation electrification requires electrical
31 corporations to increase access to the use of electricity as a
32 transportation fuel.

33 (F) Widespread transportation electrification should stimulate
34 innovation and competition, enable consumer options in charging
35 and fueling equipment and services, attract private capital
36 investments, and create high-quality jobs for Californians, where
37 technologically feasible.

38 (G) Deploying electric vehicles should assist in grid
39 management, integrating generation from eligible renewable energy

1 resources, and reducing fuel costs for vehicle drivers who charge
2 in a manner consistent with electrical grid conditions.

3 (H) Deploying electric vehicle charging and hydrogen fueling
4 infrastructure and producing ~~green electrolytic~~ hydrogen for use
5 in the transportation sector should facilitate increased sales of
6 zero-emission vehicles by making charging and hydrogen fueling
7 easily accessible and should provide the opportunity to access
8 electricity *and hydrogen* as a fuel that is cleaner and less costly
9 than gasoline or other fossil fuels in public and private locations.

10 (I) According to the State Alternative Fuels Plan analysis by
11 the Energy Commission and the State Air Resources Board, light-,
12 medium-, and heavy-duty vehicle electrification results in
13 approximately 70 percent fewer greenhouse gases emitted, over
14 85 percent fewer ozone-forming air pollutants emitted, and 100
15 percent less petroleum used. These reductions will become larger
16 as renewable generation increases.

17 (2) It is the policy of the state and the intent of the Legislature
18 to encourage transportation electrification as a means to achieve
19 ambient air quality standards and the state's climate goals.
20 Agencies designing and implementing regulations, guidelines,
21 plans, and funding programs to reduce greenhouse gas emissions
22 shall take the findings described in paragraph (1) into account.

23 (b) ~~(4)~~—The commission, in consultation with the State Air
24 Resources Board and the Energy Commission, shall direct electrical
25 corporations to file applications for programs and investments to
26 accelerate widespread transportation electrification to reduce
27 dependence on petroleum, meet air quality standards, achieve the
28 goals set forth in the Charge Ahead California Initiative (Chapter
29 8.5 (commencing with Section 44258) of Part 5 of Division 26 of
30 the Health and Safety Code), and reduce emissions of greenhouse
31 gases to 40 percent below 1990 levels by 2030 and to 80 percent
32 below 1990 levels by 2050. Programs proposed by electrical
33 corporations shall seek to minimize overall costs and maximize
34 overall benefits. The commission shall approve, or modify and
35 approve, programs and investments in transportation electrification,
36 including those that deploy charging infrastructure, via a reasonable
37 cost recovery mechanism if they are consistent with this section,
38 do not unfairly compete with nonutility enterprises as required
39 under Section 740.3, include performance accountability measures,
40 and are in the interests of ratepayers as defined in Section 740.8.

1 ~~(2) The commission may consider proposed programs and~~
2 ~~investments in hydrogen fueling infrastructure and the production~~
3 ~~of green electrolytic hydrogen as a transportation fuel via a~~
4 ~~reasonable cost recovery mechanism if they are safe, cost-effective~~
5 ~~for ratepayers, do not result in duplicative transportation~~
6 ~~electrification investments, are consistent with this section, do not~~
7 ~~unfairly compete with nonutility enterprises as required under~~
8 ~~Section 740.3, include performance accountability measures, and~~
9 ~~are in the interests of ratepayers as defined in Section 740.8.~~

10 *(c) As part of a separate proceeding from those initiated*
11 *pursuant to subdivision (b), the commission, in consultation with*
12 *the State Air Resources Board and the Energy Commission, shall*
13 *authorize gas corporations to file applications for investments in*
14 *programs to accelerate widespread transportation electrification*
15 *to reduce dependence on petroleum, meet air quality standards,*
16 *and reduce emissions of greenhouse gases to 40 percent below*
17 *1990 levels by 2030 and to 80 percent below 1990 levels by 2050.*
18 *Programs proposed by gas corporations shall seek to minimize*
19 *overall costs and maximize overall benefits. The commission shall*
20 *approve, or modify and approve, programs and investments in*
21 *transportation electrification, including hydrogen and*
22 *hydrogen-related pipelines, distribution, and make-ready*
23 *infrastructure for hydrogen, via a reasonable cost recovery*
24 *mechanism if they are consistent with this section, do not unfairly*
25 *compete with nonutility enterprises, as required by Section 740.3,*
26 *include performance accountability measures, and are in the*
27 *interests of ratepayers as defined in Section 740.8.*

28 (e)

29 *(d) The commission shall review data concerning current and*
30 *future electric transportation adoption and charging and fueling*
31 *infrastructure utilization prior to authorizing an electrical*
32 *corporation to collect new program costs related to transportation*
33 *electrification in customer rates. If market barriers unrelated to the*
34 *investment made by an electric corporation prevent electric*
35 *transportation from adequately utilizing available charging and*
36 *fueling infrastructure, the commission shall not permit additional*
37 *investments in transportation electrification without a reasonable*
38 *showing that the investments would not result in long-term stranded*
39 *costs recoverable from ratepayers.*

40 (f)

1 (e) This section applies to an application to the commission for
2 transportation electrification programs and investments if one of
3 the following conditions is met:

4 (1) The application is filed on or after January 1, 2016.

5 (2) The application is filed before January 1, 2016, but has an
6 evidentiary hearing scheduled on or after July 1, 2016.

7 ~~SEC. 6.~~

8 *SEC. 8.* No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 a local agency or school district has the authority to levy service
11 charges, fees, or assessments sufficient to pay for the program or
12 level of service mandated by this act, within the meaning of Section
13 17556 of the Government Code.