

BOARD MEETING DATE: November 3, 2023

AGENDA NO. 15

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a hybrid meeting on Friday, October 13, 2023. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
S. 1920 (Whitehouse, Padilla, Welch) - International Maritime Pollution Accountability Act of 2023	Support
S. 1917 / H.R 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia, Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espaillat) - Clean Shipping Act of 2023	Support

RECOMMENDED ACTION:

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

Michael A. Cacciotti, Chair
Legislative Committee

DJA:LTO:PFC:DPG:ar

Committee Members

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

Absent: None

Call to Order

Chair Michael Cacciotti called the meeting to order at 9:00 a.m.

ACTION/DISCUSSION ITEMS:

1. Recommend Position on Federal Bills

Lisa Tanaka, Assistant Deputy Executive Officer/Legislative, Public Affairs & Media, presented S. 1920 (Whitehouse, Padilla, Welch), the “International Maritime Pollution Accountability Act of 2023.” The bill would require U.S. EPA to assess greenhouse gas (GHG) and criteria pollutant-based emissions fees on operators of oceangoing vessels (OGV). The fees are expected to raise approximately \$250 billion over 10-years for the replacement or retrofitting of Jones Act vessels, research and development, air monitoring, and other port-related programs.

Staff Recommended “Support” Position on S. 1920

Moved by: Solache Seconded by: Hagman

Ayes: Cacciotti, Dawson, Hagman, Perez, Raman, Solache

Noes: None

Absent: None

Ms. Tanaka presented S. 1917 / H.R 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia, Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espaillat), the “Clean Shipping Act of 2023 .” The bill would require U.S. EPA to promulgate regulations to reduce the carbon intensity of fuel used by OGVs. The bill would also eliminate GHG emissions and air pollutants from OGVs at berth or at-anchor at U.S. ports.

Committee Chair Cacciotti asked for information on Jones Act vessels. Ms. Tanaka replied that Jones Act vessels transport cargo between U.S. ports and are U.S.-built, -owned, -flagged and -staffed. There are approximately 40,000 Jones Act vessels.

Committee Chair Cacciotti inquired about the relationship between GHG measures and potential impacts on criteria pollutants. Wayne Natri, Executive Officer, responded that some fuels reduce carbon intensity, but increase NOx emissions. He further noted that it must be ensured that criteria pollutants will not be adversely impacted as a result of GHG reduction measures.

Supervisor Perez inquired about support for the bill. Ms. Tanaka responded that the bill has broad support among elected officials, environmental organizations, and industry. For additional information, please refer to the [Webcast](#) beginning at 7:21.

Thomas Jelenic from Pacific Merchant Shipping Association provided public comment on a national collaborative approach to reduce emissions from OGVs.

Staff Recommended “Support” Position on S. 1917 / H.R 4024

Moved by: Solache Seconded by: Hagman

Ayes: Cacciotti, Dawson, Hagman, Perez, Raman, Solache

Noes: None

Absent: None

2. Amend Contracts for Legislative Representation in Washington, D.C.

Ms. Tanaka presented current contracts for legislative and regulatory representation in Washington, D.C. with Kadesh & Associates, LLC, Cassidy & Associates and Carmen Group, Inc. This action is to consider approval of the second one-year extension of the existing contracts for Calendar Year 2024 with Kadesh & Associates, LLC for \$226,392; Cassidy & Associates for \$216,000; and Carmen Group, Inc. for \$222,090.

The three firms are bipartisan and leverage their expertise and contacts to advocate for matters of importance to South Coast AQMD including legislative, regulatory and grants before the Administration, agencies, Congress and other stakeholders.

The 118th Congress is still in progress, but some accomplishments for 2023 include:

- While other federal accounts have been cut by 30 percent, Targeted Airshed Grants, DERA, and Section 103/105, have been proposed for consistent or better appropriation levels.
- Working with agencies to support South Coast AQMD priorities and funding awards through the Bipartisan Infrastructure Law and Inflation Reduction Act programs. South Coast AQMD proposed criteria for goods movement programs was incorporated in a Congressional letter to U.S. EPA Administrator Michael Regan.
- Access to the Administration and Congress to address issues.

For additional information, please refer to the [Webcast](#) beginning 30:32.

Harvey Eder, Public Solar Power Coalition, provided public comment regarding the use of wind renewable energy for OGVs.

Staff Recommended Approval of Second One-Year Extension of the Existing Contracts.

Moved by: Hagman Second by: Solache

Ayes: Cacciotti, Dawson, Hagman, Perez, Raman, Solache

Noes: None

Absent: None

DISCUSSION ITEMS:

3. End-of-Year Summary Report on State Legislature's and Governor's Actions during 2023 Legislative Session

Philip Crabbe, Senior Public Affairs Manager/Legislative, Public Affairs & Media, presented an end-of-year summary on the 2023 state legislative session.

The funding allocation for the AB 617 program for air districts statewide was \$294 million, including \$60 million for implementation and \$234 million for incentives. An additional \$6 million was provided for community grants.

South Coast AQMD sponsored four state bills, however they either did not pass or became two-year bills. South Coast AQMD also took positions on ten bills and was able to negotiate numerous amendments to legislation.

Several bills supported by South Coast AQMD passed the Legislature and were signed into law by the Governor. The Legislature is in interim recess and will reconvene on January 3, 2024.

Councilmember Solache requested additional information on SB 674 (Gonzalez) regarding fence-line monitoring at refineries and related facilities. For additional information, please refer to the [Webcast](#) beginning 43:07.

Mr. Eder provided public comment regarding offshore wind and geothermal energy legislation.

4. Update and Discussion on Federal Legislative Issues

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

Gary Hoitsma, Carmen Group, reported that Congress passed a short-term continuing resolution (CR) through November 17, 2023. The negotiations to select the next Speaker of the House of Representatives are ongoing.

Amelia Morales, Cassidy & Associates, stated that their firm is working on the reauthorization of the BioWatch Program which is part of the Office of Countering Weapons of Mass Destruction in the U.S. Department of Homeland Security. BioWatch will sunset on December 21, 2023. South Coast AQMD implements the BioWatch program to monitor for biological threats in our region.

Mark Kadesh, Kadesh & Associates, reported that Laphonza Butler was sworn in as Senator. Congress continues to operate under a CR as none of the 12 appropriations bills have been passed. For additional information, please refer to the [Webcast](#) beginning 49:44.

There was no public comment.

5. Update and Discussion on State Legislative Issues

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

David Quintana, Resolute, reported that the proponents of AB 985 (Arambula) are likely to pursue passage of this two-year bill in 2024. This bill is related to San Joaquin Valley Air Pollution Control District's emission reduction credit system.

Ross Buckley, California Advisors, LLC, reported that discussions regarding SB 674 (Gonzalez), now a 2-year bill, will continue, with the goal of it passing the Legislature in 2024. Also, in August, the Department of Finance reported collecting \$1.34 billion in state revenue above previous state projections.

Paul Gonsalves, Joe A. Gonsalves & Son, reported on the passage of SB 410 (Becker), which enhances connectivity to the electric grid and AB 1216 (Muratsuchi) regarding Hyperion Water Reclamation Plant. South Coast AQMD was able to secure amendments to AB 1216 as directed by the Legislative Committee. For additional information, please refer to the [Webcast](#) beginning 55:50.

Mr. Eder provided public comment regarding solar issues.

OTHER MATTERS:

6. Other Business

There was no other business to report.

7. Public Comment Period

There was no public comment to report.

8. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Thursday, November 9, 2023, at 9:00 a.m.

Adjournment

The meeting was adjourned at 10:01 a.m.

Attachments

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

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – October 13, 2023

Councilmember Michael Cacciotti.....	South Coast AQMD Board Member
Mayor Patricia Lock Dawson.....	South Coast AQMD Board Member
Supervisor Curt Hagman.....	South Coast AQMD Board Member
Supervisor V. Manuel Perez.....	South Coast AQMD Board Member
Councilmember Nithya Raman.....	South Coast AQMD Board Member
Councilmember José Luis Solache.....	South Coast AQMD Board Member
Guillermo Gonzalez.....	Board Consultant (Perez)
Debra Mendelsohn.....	Board Consultant (McCallon)
Mark Taylor.....	Board Consultant (Rodriguez)
Ben Wong.....	Board Consultant (Cacciotti)
Ross Buckley.....	California Advisors, LLC
Paul Gonsalves.....	Joe A. Gonsalves & Son
Gary Hoitsma.....	Carmen Group, Inc.
Mark Kadesh.....	Kadesh & Associates
Amelia Morales.....	Cassidy & Associates
David Quintana.....	Resolute
Mark Abramowitz.....	Public Member
Helena DuPont.....	Public Member
Harvey Eder.....	Public Member
Thomas Jelenic.....	Public Member
Bill La Marr.....	Public Member
Patty Senecal.....	Public Member
Derrick Alatorre.....	South Coast AQMD Staff
Barbara Baird.....	South Coast AQMD Staff
Cindy Bustillos.....	South Coast AQMD Staff
Lara Brown.....	South Coast AQMD Staff
Maria Corralejo.....	South Coast AQMD Staff
Philip Crabbe.....	South Coast AQMD Staff
Javier Enriquez.....	South Coast AQMD Staff
Joshua Ewell.....	South Coast AQMD Staff
Denise Gailey.....	South Coast AQMD Staff
Bayron Gilchrist.....	South Coast AQMD Staff
De Groeneveld.....	South Coast AQMD Staff
Sheri Hanizavareh.....	South Coast AQMD Staff
Anissa Cessa Heard-Johnson.....	South Coast AQMD Staff
Sujata Jain.....	South Coast AQMD Staff
Aaron Katzenstein.....	South Coast AQMD Staff

Angela Kim..... South Coast AQMD Staff
Howard Lee..... South Coast AQMD Staff
Ron Moskowitz..... South Coast AQMD Staff
Susan Nakamura..... South Coast AQMD Staff
Wayne Nastro..... South Coast AQMD Staff
Robert Paud..... South Coast AQMD Staff
Sarah Rees..... South Coast AQMD Staff
Mary Reichert..... South Coast AQMD Staff
Aisha Reyes..... South Coast AQMD Staff
MaFe Ruivivar..... South Coast AQMD Staff
Lisa Tanaka O'Malley..... South Coast AQMD Staff
Victor Yip..... South Coast AQMD Staff
Mei Wang..... South Coast AQMD Staff
Paul Wright..... South Coast AQMD Staff

ATTACHMENT 2A

South Coast Air Quality Management District
Legislative Analysis Summary – S. 1920 (Whitehouse, Padilla, Welch)
Version: As introduced, June 8, 2023
Analyst: LTO

S. 1920 (Whitehouse, Padilla, Welch) International Maritime Pollution Accountability Act of 2023

Summary: International Maritime Pollution Accountability Act of 2023 would require U.S. EPA to assess certain fees on shipping and other vessels, and for other purposes.

Background: The federal government and to some extent, the states are assigned responsibility under the Clean Air Act to reduce emissions from mobile sources. The International Maritime Pollution Accountability Act with the Clean Shipping Act of 2023 are a package of bills introduced by Senators Alex Padilla, Sheldon Whitehouse, and others to address greenhouse gas (GHG) emissions and air pollution from ocean going vessels (OGVs).

This bill is supported by the Environmental Defense Fund, Ocean Conservancy, Pacific Environment, A.P. Moller- Maersk, and others.

Status: 6/8/23 – Introduced in Senate.

Specific Provisions: The International Maritime Pollution Accountability Act of 2023 would require U.S. EPA to levy pollution fees based on GHG and criteria pollutants. Fees would be invested in U.S. maritime industry and for other related purposes.

The pollution fees would apply to OGVs of 10,000 gross tonnage or more which would exclude most domestic shipping. Additionally, covered voyages would include those whose primary purpose is for transporting cargo or freight which is ultimately bound for the United States.

The bill includes GHG fees to be collected from the operator of the covered voyage by the U.S. EPA in conjunction with the U.S. Treasury as follows:

- \$150 per ton fee on the carbon dioxide emissions of the fuel burned on the inbound trip. This provision would sunset if the International Maritime Organization implements a carbon fee at least as high.

For criteria air pollutants emitted within 200 miles of the US shoreline:

- \$6.30 per pound of nitrogen oxides
- \$18.00 per pound of sulfur dioxide
- \$38.90 per pound of particulate matter (PM2.5)

Both GHG and criteria pollutant fees would increase at 5% above inflation annually.

According to the bill author, the pollution fees are expected to raise approximately \$250 billion over 10-years. Eligible uses of revenue collected from the fees would be:

- 25% for replacing (or retrofitting) Jones Act vessels with low-carbon vessels.

- 25% for DOE grants to support R&D of low-carbon maritime fuels.
- 10% for the Clean Ports Program and 5% for related workforce development.
- 10% for ferry electrification and 10% for harbor craft electrification.
- 7% for port infrastructure (MARAD Port Infrastructure Development Program) and 3% for port community air monitoring.
- 3% for the National Oceans and Coastal Security Fund.
- 2% for the Marine Debris Foundation.

Impacts on South Coast AQMD’s Mission, Operations, or Initiatives: The South Coast Air Basin is home to more than 17 million people, including nearly two-thirds of the state’s overburdened environmental justice communities. This region has some of the worst air quality in the nation and is in extreme non-attainment for ozone and severe non-attainment for PM_{2.5}.

The largest source of air pollution in the South Coast Air Basin stems from mobile sources related to goods movement activity in and around the San Pedro Bay Ports, including heavy-duty trucks, OGVs, locomotives, aircraft, and off-road equipment. OGVs are quickly becoming the largest source of air pollution in our region as heavy-duty trucks and other equipment become cleaner.

Regulatory authority over OGVs is complex involving international and domestic governmental organizations. While state and local government have some authority to reduce air pollution related to OGVs, the federal government has the strongest ability to regulate emissions in U.S. waters and to influence the IMO and other foreign stakeholders.

In summary, the International Maritime Accountability Act could incentivize ocean freight companies to utilize their cleanest vessels when coming to call in the United States, especially the San Pedro Bay Ports. Additionally, pollution fees would help fund improvements and workforce training needed to reduce emissions related to our ports and related industries.

Recommended Position: SUPPORT

ATTACHMENT 2B

II

118TH CONGRESS
1ST SESSION

S. 1920

To require the Administrator of the Environmental Protection Agency to assess certain fees on shipping and other vessels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 8, 2023

Mr. WHITEHOUSE (for himself, Mr. PADILLA, and Mr. WELCH) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To require the Administrator of the Environmental Protection Agency to assess certain fees on shipping and other vessels, and for other purposes.

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

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “International Maritime
5 Pollution Accountability Act of 2023”.

6 SEC. 2. FINDINGS.

7 Congress finds that—

8 (1) the greenhouse gas emissions from the ma-
9 rine shipping industry—

1 (A) account for nearly 3 percent of total
2 global anthropogenic carbon dioxide emissions;
3 and

4 (B) are increasing rapidly;

5 (2) the International Maritime Organization
6 has failed to require emissions reductions with re-
7 spect to marine shipping that are consistent with
8 global decarbonization targets; and

9 (3) ports are a large source of air pollution and
10 contribute to poor air quality in the neighborhoods
11 surrounding the ports, leading to worse health out-
12 comes for those who live in those neighborhoods.

13 **SEC. 3. DEFINITIONS.**

14 In this Act:

15 (1) **ADMINISTRATOR.**—The term “Adminis-
16 trator” means the Administrator of the Environ-
17 mental Protection Agency.

18 (2) **CALENDAR QUARTER.**—The term “calendar
19 quarter” means a period of 3 calendar months that
20 ends on, as applicable, March 31, June 30, Sep-
21 tember 30, or December 31 of the applicable cal-
22 endar year.

23 (3) **CARGO OR FREIGHT.**—The term “cargo or
24 freight” does not include—

1 (A) passengers transported for compensa-
2 tion or hire;

3 (B) bunker fuel;

4 (C) ship's stores;

5 (D) sea stores; or

6 (E) the legitimate equipment necessary to
7 the operation of a vessel.

8 (4) COVERED VOYAGE.—

9 (A) IN GENERAL.—The term “covered voy-
10 age” means a voyage—

11 (i) made using a self-propelled vessel
12 of 10,000 gross tonnage or more, the pri-
13 mary purpose of which is transporting
14 cargo or freight; and

15 (ii) that begins when the vessel leaves
16 the port of origin and terminates when the
17 offloading operations at the final port of
18 call are completed.

19 (B) EXCEPTIONS.—The term “covered
20 voyage” does not include a voyage—

21 (i) that has been included as an OCS
22 source (as defined in subsection (a)(4) of
23 section 328 of the Clean Air Act (42
24 U.S.C. 7627)) because the voyage has the
25 potential to emit any air pollutant as de-

1 scribed in subparagraph (C)(i) of that sub-
2 section and is, as a result, regulated pursu-
3 ant to that section; or

4 (ii) made for the purposes of trans-
5 porting military cargo, food aid, or sup-
6 plies for disaster or emergency relief.

7 (5) CRITERIA AIR POLLUTANT.—The term “cri-
8 teria air pollutant” is within the meaning of the
9 Clean Air Act (42 U.S.C. 7401 et seq.).

10 (6) EXCLUSIVE ECONOMIC ZONE.—The term
11 “exclusive economic zone” has the meaning given
12 the term in section 107 of title 46, United States
13 Code.

14 (7) FINAL PORT OF CALL.—The term “final
15 port of call”, with respect to a covered voyage,
16 means, as applicable—

17 (A) the port in the United States where
18 the vessel making the covered voyage offloaded
19 the last of the cargo or freight of the vessel ul-
20 timately bound for the United States that was
21 onboard the vessel on departure from the port
22 of origin; or

23 (B) if the last of the cargo or freight of the
24 vessel ultimately bound for the United States
25 that was onboard the vessel on departure from

1 the port of origin is offloaded in a foreign port,
2 the most recent port of call in the United
3 States prior to offloading the last of the cargo
4 or freight of the vessel that is ultimately bound
5 for the United States.

6 (8) **IMPORTER.**—The term “importer” means 1
7 of the parties that qualifies as an importer of record
8 under section 484(a)(2)(B) of the Tariff Act of
9 1930 (19 U.S.C. 1484(a)(2)(B)).

10 (9) **INTERMEDIATE PORT.**—The term “inter-
11 mediate port”, with respect to a covered voyage,
12 means each foreign port of call of the vessel of the
13 covered voyage between the port of origin and the
14 initial port of call of the vessel in the United States.

15 (10) **PORT OF ORIGIN.**—The term “port of ori-
16 gin”, with respect to a covered voyage, means the
17 first port of the vessel making the covered voyage
18 before docking at a port in the United States after
19 departing which a majority (by mass) of the cargo
20 or freight of the vessel is ultimately bound for the
21 United States.

22 (11) **ULTIMATELY BOUND FOR THE UNITED**
23 **STATES.**—The term “ultimately bound for the
24 United States”, with respect to cargo or freight, in-
25 cludes—

1 (A) all cargo or freight that is offloaded in
2 the United States by a vessel making a covered
3 voyage; and

4 (B) all cargo or freight that is—

5 (i) initially offloaded at an inter-
6 mediate port; and

7 (ii) subsequently transported to the
8 United States by sea, land, or air.

9 **SEC. 4. REPORTING REQUIREMENTS.**

10 (a) **IN GENERAL.**—Beginning on January 1, 2024,
11 the operator of each covered voyage shall submit to the
12 Administrator, the Commandant of the Coast Guard, and
13 the Commissioner of U.S. Customs and Border Protection
14 the information described in subsection (b).

15 (b) **INFORMATION DESCRIBED.**—The information re-
16 ferred to in subsection (a), with respect to a covered voy-
17 age, is—

18 (1) the port of origin;

19 (2) the total distance traveled from the port of
20 origin to the final port of call;

21 (3) the total time spent traveling between the
22 port of origin and the final port of call;

23 (4) the total mass of each type of fuel con-
24 sumed between the port of origin and the final port
25 of call;

1 (5) the total mass of cargo or freight trans-
2 ported between the port of origin and the final port
3 of call;

4 (6) each port of call in the United States;

5 (7) each intermediate port;

6 (8) the final port of call;

7 (9) the mass of cargo or freight on board the
8 applicable vessel on leaving the port of origin;

9 (10) the percentage of cargo or freight (by
10 mass) offloaded or unloaded at any intermediate
11 port, as compared to the capacity of the applicable
12 vessel and the load of the applicable vessel;

13 (11) the ultimate destination (by country) of
14 cargo or freight offloaded at intermediate ports, as
15 compared to the capacity of the applicable vessel and
16 the load of the applicable vessel;

17 (12) the mass of cargo or freight on board the
18 applicable vessel on arrival at or departure from, as
19 applicable, each port of call in the United States;

20 (13) the total time spent in each port of call in
21 the United States;

22 (14) the total period of time that the applicable
23 vessel is connected to and reliant on the electrical
24 grid while in port at a port of call in the United
25 States;

1 (15) the total mass of each type of fuel con-
2 sumed—

3 (A) in any port of call in the United
4 States; and

5 (B) within the exclusive economic zone;

6 (16) the total period of time spent—

7 (A) north of 60 degrees north latitude; or

8 (B) south of 60 degrees south latitude;

9 (17) for each period described in paragraph
10 (16), the total mass of each type of fuel consumed
11 during that period; and

12 (18) any other information that the Adminis-
13 trator, the Commandant of the Coast Guard, and
14 the Commissioner of U.S. Customs and Border Pro-
15 tection, in conjunction with the Secretary of the
16 Treasury, determines is necessary to accurately de-
17 termine the amount of the fees assessed under sec-
18 tions 5 and 6.

19 (c) DEADLINE.—The operator of a covered voyage
20 shall submit the information required under subsection (a)
21 for each covered voyage of the operator that ended during
22 a calendar quarter by not later than 30 days after the
23 end of that calendar quarter.

1 SEC. 5. FEE ON LIFECYCLE CARBON DIOXIDE-EQUIVALENT
2 EMISSIONS FROM CARGO VESSELS.

3 (a) LIFECYCLE CO₂-E EMISSIONS PROFILE FOR
4 MARITIME FUELS.—Not later than January 1, 2024, the
5 Administrator shall develop a lifecycle carbon dioxide-
6 equivalent (CO₂-e) emissions profile for each fuel used in
7 maritime shipping to express the emissions from the com-
8 bustion of that fuel in carbon dioxide-equivalent per unit
9 mass combusted.

10 (b) ASSESSMENT OF FEE.—

11 (1) IN GENERAL.—Beginning on January 1,
12 2024, not later than 30 days after the date on which
13 the Administrator receives from the operator of a
14 covered voyage the information required to be sub-
15 mitted under section 4(a), the Administrator, in con-
16 junction with the Secretary of the Treasury, shall
17 assess on the operator a fee with respect to the cov-
18 ered voyage in an amount determined in accordance
19 with paragraph (2).

20 (2) AMOUNT OF FEE.—

21 (A) IN GENERAL.—Subject to subpara-
22 graph (B) and subsection (d), the amount of a
23 fee assessed under subsection (a) with respect
24 to a covered voyage shall be the total sum of,
25 for each type of fuel consumed during the cov-

1 ered voyage, the product obtained by multi-
2 plying—

3 (i) the total mass of the fuel con-
4 sumed during the covered voyage;

5 (ii) the carbon dioxide-equivalent
6 emissions of the fuel, expressed in metric
7 tons per unit mass of fuel consumed, as
8 determined under subsection (a); and

9 (iii) \$150.

10 (B) ADJUSTMENTS.—

11 (i) INFLATION.—Beginning in cal-
12 endar year 2025, the Administrator shall
13 annually increase the amount described in
14 subparagraph (A)(iii) by the percentage
15 that is equal to the sum obtained by add-
16 ing—

17 (I) the rate of inflation, as deter-
18 mined by the Administrator using the
19 changes for the 12-month period end-
20 ing the preceding November 30 in the
21 Consumer Price Index for All Urban
22 Consumers published by the Bureau
23 of Labor Statistics of the Department
24 of Labor; and

25 (II) 5 percentage points.

1 (ii) VOYAGES IN POLAR REGIONS.—

2 For any portion of a covered voyage that
3 involves travel north of 60 degrees north
4 latitude or south of 60 degrees south lati-
5 tude, the amount described in subpara-
6 graph (A)(iii) with respect to fuel con-
7 sumed during that portion of the voyage,
8 after adjustment under clause (i), if appli-
9 cable, shall be tripled.

10 (3) DEADLINE.—A fee assessed under para-
11 graph (1) shall be due and payable to the Adminis-
12 trator not later than the later of—

13 (A) the date that is 30 days after the date
14 on which the fee is assessed; and

15 (B) the end of the calendar year in which
16 the fee is assessed.

17 (4) PENALTY.—Notwithstanding any other pro-
18 vision of law or any circumstances that jeopardize
19 the safety of a vessel the voyage of which is a cov-
20 ered voyage, the persons aboard such a vessel, or the
21 environment, if an operator fails to pay a fee as-
22 sessed under paragraph (1) by the date described in
23 paragraph (3)—

1 (A) the Administrator shall inform the
2 Commandant of the Coast Guard of the failure
3 of the operator to pay the fee; and

4 (B) the Commandant of the Coast Guard
5 shall, until the Administrator informs the Com-
6 mandant of the Coast Guard that all out-
7 standing fees assessed under paragraph (1)
8 have been paid, prohibit—

9 (i) the operator from operating within
10 the waters of the United States; and

11 (ii) vessels of the operator from dock-
12 ing at ports of call in the United States.

13 (c) ALTERNATE FEE FOR IMPORTED CARGO.—

14 (1) DEFINITION OF QUALIFIED IMPORTING
15 VOYAGE.—In this subsection, the term “qualified im-
16 porting voyage” means a voyage made using a ves-
17 sel—

18 (A) the primary purpose of which is trans-
19 porting cargo or freight; and

20 (B) that, at a foreign port of call, offloads
21 cargo or freight that is ultimately intended to
22 be transported to the United States by sea,
23 land, or air.

24 (2) REQUIREMENTS.—

25 (A) REPORTING.—

1 (i) IN GENERAL.—Beginning on Janu-
2 ary 1, 2024, each importer for which a
3 qualified importing voyage has cargo or
4 freight that is bound for the United States
5 shall submit to the Administrator the in-
6 formation described in subsection (b) of
7 section 4 in accordance with that section
8 (except as otherwise provided in this para-
9 graph).

10 (ii) TREATMENT.—For purposes of
11 clause (i), any reference contained in sec-
12 tion 4(b) to—

13 (I) the “final port of call” shall
14 be considered to be a reference to the
15 foreign port of call within which the
16 cargo or freight of the importer was
17 offloaded from the vessel;

18 (II) the “covered voyage” shall
19 be considered to be a reference to the
20 qualified importing voyage; and

21 (III) the “port of origin” shall be
22 considered to be a reference to the
23 port at which the cargo or freight
24 bound for the United States was
25 onboarded.

1 (B) F_{EE}.—

2 (i) I_{N GENERAL}.—Beginning on Janu-
3 ary 1, 2024, not later than 30 days after
4 the date on which the Administrator re-
5 ceives from an importer described in sub-
6 paragraph (A)(i) the information required
7 to be submitted under that subparagraph,
8 the Administrator, in conjunction with the
9 Secretary of the Treasury, shall assess on
10 the importer the fee described in sub-
11 section (b) in accordance with that sub-
12 section, but the amount of that fee shall be
13 adjusted as follows:

14 (I) The amount of the fee shall
15 be prorated for the share (by mass) of
16 the cargo or freight on the vessel
17 making the qualified importing voyage
18 that is ultimately bound for the
19 United States that is being imported
20 by the importer.

21 (II) After the adjustment de-
22 scribed in subclause (I), the amount
23 of the fee shall be reduced by the
24 amount of the fee, if any, otherwise

1 assessed on the qualified importing
2 voyage pursuant to subsection (b).

3 (ii) TREATMENT.—For purposes of
4 clause (i), any reference in subsection (b)
5 to the “covered voyage” shall be considered
6 to be a reference to the qualified importing
7 voyage.

8 (C) DEADLINES.—

9 (i) IN GENERAL.—An importer de-
10 scribed in subparagraph (A)(i) may not
11 import the cargo or freight from a quali-
12 fied importing voyage into the United
13 States until the importer—

14 (I) submits the information re-
15 quired under subparagraph (A); and

16 (II) pays the fee assessed under
17 subparagraph (B).

18 (ii) PENALTY.—Notwithstanding any
19 other provision of law, if, at the time of
20 importation of the cargo or freight from a
21 qualifying importing voyage into the
22 United States, an importer described in
23 subparagraph (A)(i) cannot provide proof
24 of payment of the fee assessed under sub-
25 paragraph (B), the Commissioner of U.S.

1 Customs and Border Protection shall seize
2 the cargo or freight until the Adminis-
3 trator informs the Commissioner of U.S.
4 Customs and Border Protection that all
5 outstanding fees assessed under subpara-
6 graph (B) have been paid.

7 (d) RECOGNITION OF FOREIGN POLLUTION FEES.—
8 If a vessel with cargo or freight ultimately bound for the
9 United States, or an operator of such a vessel, is subject
10 to a pollution-based fee by the country of the port of origin
11 of the vessel, any fee assessed on the operator of the vessel
12 or an importer with cargo or freight on that vessel under
13 this section shall be—

14 (1) if the fee from the other country is equal
15 to or more than 50 percent of the fee that would
16 otherwise be assessed under this section, reduced by
17 50 percent; and

18 (2) if the fee from the other country is less
19 than 50 percent of the fee that would otherwise be
20 assessed under this section, reduced by an amount
21 equal to the amount of the fee from the other coun-
22 try.

23 (e) SUNSET PROVISION.—This section ceases to
24 apply on the date on which the Administrator publishes
25 in the Federal Register a determination that the Inter-

1 national Maritime Organization or another agency of the
2 United Nations has instituted and is enforcing a global
3 fee on lifecycle carbon dioxide-equivalent emissions from
4 operators of covered voyages that is in an amount equal
5 to or greater than the fees assessed for a covered voyage
6 under this section.

7 SEC. 6. FEES ON CRITERIA AIR POLLUTANTS.

8 (a) EMISSIONS PROFILE.—Not later than January 1,
9 2024, the Administrator shall develop a lifecycle emissions
10 profile for each fuel used in maritime shipping to express
11 the emissions from the combustion of that fuel of each
12 of nitrogen oxides, sulfur dioxide, and fine particulate
13 matter (PM_{2.5}) per unit mass combusted.

14 (b) ASSESSMENT OF FEE.—

15 (1) IN GENERAL.—Beginning on January 1,
16 2024, not later than 30 days after the date on which
17 the Administrator receives from the operator of a
18 covered voyage the information required to be sub-
19 mitted under section 4(a), the Administrator, in con-
20 junction with the Secretary of the Treasury, shall
21 assess on the operator a fee with respect to the cov-
22 ered voyage in an amount determined in accordance
23 with paragraph (2).

24 (2) AMOUNT OF FEE.—

1 (A) IN GENERAL.—Subject to subpara-
2 graph (B), the amount of a fee assessed under
3 subsection (a) shall be the total sum of, for
4 each type of fuel consumed during the covered
5 voyage—

6 (i) the product obtained by multi-
7 plying—

8 (I) the total mass of the fuel con-
9 sumed during the covered voyage
10 within the exclusive economic zone;

11 (II) the quantity of nitrogen ox-
12 ides emitted by the consumption of
13 the fuel, expressed in pounds per unit
14 mass of fuel consumed, as determined
15 under subsection (a); and

16 (III) \$6.30;

17 (ii) the product obtained by multi-
18 plying—

19 (I) the total mass of the fuel con-
20 sumed during the covered voyage
21 within the exclusive economic zone;

22 (II) the quantity of sulfur dioxide
23 emitted by the consumption of the
24 fuel, expressed in pounds per unit

1 mass of fuel consumed, as determined
2 under subsection (a); and

3 (III) \$18; and

4 (iii) the product obtained by multi-
5 plying—

6 (I) the total mass of the fuel con-
7 sumed during the covered voyage
8 within the exclusive economic zone;

9 (II) the quantity of fine particu-
10 late matter emitted by the consump-
11 tion of the fuel, expressed in pounds
12 per unit mass of fuel consumed, as
13 determined under subsection (a); and

14 (III) \$38.90.

15 (B) INFLATION ADJUSTMENT.—Beginning
16 in calendar year 2025, the Administrator shall
17 annually increase the amounts described in
18 clauses (i)(III), (ii)(III), and (iii)(III) of sub-
19 paragraph (A) by the percentage that is equal
20 to the sum obtained by adding—

21 (i) the rate of inflation, as determined
22 by the Administrator using the changes for
23 the 12-month period ending the preceding
24 November 30 in the Consumer Price Index
25 for All Urban Consumers published by the

1 Bureau of Labor Statistics of the Depart-
2 ment of Labor; and

3 (ii) 5 percentage points.

4 (3) DEADLINE.—A fee assessed under para-
5 graph (1) shall be due and payable to the Adminis-
6 trator not later than the later of—

7 (A) the date that is 30 days after the date
8 on which the fee is assessed; and

9 (B) the end of the calendar year in which
10 the fee is assessed.

11 (4) PENALTY.—Notwithstanding any other pro-
12 vision of law or any circumstances that jeopardize
13 the safety of a vessel the voyage of which is a cov-
14 ered voyage, the persons aboard such a vessel, or the
15 environment, if an operator fails to pay a fee as-
16 sessed under paragraph (1) by the date described in
17 paragraph (3)—

18 (A) the Administrator shall inform the
19 Commandant of the Coast Guard of the failure
20 of the operator to pay the fee; and

21 (B) the Commandant of the Coast Guard
22 shall, until the Administrator informs the Com-
23 mandant of the Coast Guard that all out-
24 standing fees assessed under paragraph (1)
25 have been paid, prohibit—

- 1 (i) the operator from operating within
 2 the waters of the United States; and
 3 (ii) vessels of the operator from dock-
 4 ing at ports of call in the United States.

5 **SEC. 7. DECARBONIZING SHIPPING AND PORTS.**

6 (a) **MODERNIZING THE JONES ACT FLEET.—**

7 (1) **DEFINITIONS.—**In this subsection:

8 (A) **ADMINISTRATOR.—**The term “Admin-
 9 istrator” means the Administrator of the Mari-
 10 time Administration.

11 (B) **JONES ACT VESSEL.—**The term
 12 “Jones Act vessel” means a documented vessel
 13 (as defined in section 106 of title 46, United
 14 States Code) with a coastwise endorsement
 15 under section 12112 of that title.

16 (C) **LOW-CARBON FUEL.—**The term “low-
 17 carbon fuel” means a marine fuel the lifecycle
 18 carbon dioxide-equivalent emissions of which is
 19 at least 90 percent less than the lifecycle carbon
 20 dioxide-equivalent emissions of marine fuel oil.

21 (D) **PROGRAM.—**The term “program”
 22 means the program established under para-
 23 graph (2).

24 (E) **VESSEL OF THE UNITED STATES.—**
 25 The term “vessel of the United States” has the

1 meaning given the term in section 116 of title
2 46, United States Code.

3 (2) ESTABLISHMENT.—For fiscal year 2026
4 and each fiscal year thereafter, there are appro-
5 priated, out of any funds in the Treasury not other-
6 wise appropriated, to the Maritime Administration
7 an amount equal to 25 percent of the amounts col-
8 lected pursuant to fees assessed under sections 5
9 and 6 during the previous calendar year to award
10 grants, rebates, and low-interest loans, as deter-
11 mined appropriate by the Administrator, to eligible
12 entities—

13 (A) to replace existing Jones Act vessels
14 that use marine fuel oil for propulsion power
15 with vessels that are propelled using batteries
16 or low-carbon fuels; or

17 (B) to retrofit existing Jones Act vessels
18 that use marine fuel oil for propulsion power
19 into vessels that are propelled using batteries or
20 low-carbon fuels.

21 (3) MODELED OFF DIESEL EMISSIONS REDUC-
22 TION ACT.—To the extent practicable, the Adminis-
23 trator shall administer the program in a manner
24 similar to the national grant program of the Admin-
25 istrator of the Environmental Protection Agency

1 under subtitle G of title VII of the Energy Policy
2 Act of 2005 (42 U.S.C. 16131 et seq.).

3 (4) ELIGIBLE ENTITIES.—An entity eligible for
4 an award under the program is an owner of a Jones
5 Act vessel that currently uses marine fuel oil for
6 propulsion power.

7 (5) SELECTION.—

8 (A) APPLICATION.—An eligible entity seek-
9 ing an award under the program shall submit
10 to the Administrator an application at such
11 time, in such manner, and containing such in-
12 formation as the Administrator may require,
13 which shall include a certification that an award
14 under the program will be used, as applicable—

15 (i) to purchase, or enter into a con-
16 tract for the construction of, a vessel that
17 exclusively uses a battery or low-carbon
18 fuels for all propulsion power; or

19 (ii) to retrofit an existing Jones Act
20 vessel that uses marine fuel oil for propul-
21 sion power into a vessel that is propelled
22 using batteries or low-carbon fuels.

23 (B) PRIORITY.—In selecting the recipients
24 of awards under the program, the Adminis-
25 trator shall give priority to entities the replace-

1 ment of whose vessels with vessels that use bat-
2 teries or low-carbon fuels for all propulsion
3 power would—

4 (i) maximize the reduction of green-
5 house gas emissions;

6 (ii) maximize the public health bene-
7 fits from the reduction of criteria air pol-
8 lutants;

9 (iii) maximize water quality in ports
10 and other bodies of water;

11 (iv) maximize public health and envi-
12 ronmental benefits from every dollar spent
13 under the program; and

14 (v) alleviate air pollution in poor air
15 quality areas, including—

16 (I) areas identified by the Ad-
17 ministrators of the Environmental Pro-
18 tection Agency as in nonattainment or
19 maintenance of national ambient air
20 quality standards promulgated under
21 section 109 of the Clean Air Act (42
22 U.S.C. 7409) for criteria air pollut-
23 ants; and

24 (II) other areas that receive a
25 disproportionate quantity of air pollu-

1 tion, as determined by the Adminis-
2 trator of the Environmental Protec-
3 tion Agency.

4 (6) CLAWBACK.—If the Administrator deter-
5 mines that the recipient of an award under the pro-
6 gram has violated the certification required under
7 paragraph (5)(A), the Administrator shall seek reim-
8 bursement of the full amount of the award provided
9 to the recipient.

10 (7) MODERNIZING VESSELS OF THE UNITED
11 STATES.—If the Administrator determines that no
12 existing Jones Act vessels are eligible to receive
13 funding under the program, for the duration of that
14 determination, paragraphs (2) through (6) shall be
15 applied by substituting “vessel of the United States”
16 for “Jones Act vessel”.

17 (b) RESEARCH AND DEVELOPMENT FOR LOW-CAR-
18 BON MARITIME FUELS AND LOW-EMISSION MARITIME
19 TECHNOLOGIES.—

20 (1) DEFINITION OF ELIGIBLE ENTITY.—In this
21 subsection, the term “eligible entity” means—

22 (A) a State (including the District of Co-
23 lumbia and territories of the United States), re-
24 gional, local, or Tribal government;

1 (B) a maritime shipping or logistics com-
2 pany;

3 (C) a port authority;

4 (D) an accredited institution of higher edu-
5 cation;

6 (E) a research institution;

7 (F) a person engaged in the production,
8 transportation, blending, or storage of sustain-
9 able maritime fuel in the United States or feed-
10 stocks in the United States that may be used
11 to produce sustainable maritime fuel;

12 (G) a person engaged in the development,
13 demonstration, or application of low-emission
14 maritime technologies; and

15 (H) a nonprofit entity or nonprofit consor-
16 tium with experience in sustainable maritime
17 fuels, low-emission maritime technologies, or
18 other clean transportation research programs.

19 (2) ESTABLISHMENT.—For fiscal year 2026
20 and each fiscal year thereafter, there are appro-
21 priated, out of any funds in the Treasury not other-
22 wise appropriated, to the Department of Energy an
23 amount equal to 25 percent of the amounts collected
24 pursuant to fees assessed under sections 5 and 6
25 during the previous calendar year to award competi-

1 tive grants to eligible entities to carry out projects
2 in the United States—

3 (A) to produce, transport, blend, or store
4 low-carbon maritime fuels; or

5 (B) to develop, demonstrate, or apply low-
6 emission maritime technologies.

7 (3) PRIORITY.—In awarding grants under the
8 program established under paragraph (2), the Sec-
9 retary of Energy shall give priority to projects that
10 maximize—

11 (A) the domestic production and deploy-
12 ment of sustainable maritime fuels or the use of
13 low-emission maritime technologies in commer-
14 cial maritime;

15 (B) reductions in greenhouse gas emis-
16 sions;

17 (C) public health benefits from criteria air
18 pollutant reductions;

19 (D) water quality in ports and other bodies
20 of water;

21 (E) public health and environmental bene-
22 fits from every dollar spent under that pro-
23 gram; and

24 (F) the creation of new jobs in the United
25 States.

1 (c) WORKFORCE DEVELOPMENT.—

2 (1) DEFINITIONS.—In this subsection:

3 (A) LOW-CARBON FUEL.—The term “low-
4 carbon fuel” means a marine fuel the lifecycle
5 carbon dioxide-equivalent emissions of which is
6 at least 90 percent less than the lifecycle carbon
7 dioxide-equivalent emissions of marine fuel oil.

8 (B) MARITIME ACADEMY.—The term
9 “maritime academy” means—

10 (i) the United States Merchant Ma-
11 rine Academy;

12 (ii) a State maritime academy; and

13 (iii) a center of excellence for domestic
14 maritime workforce training and education
15 designated under section 51706(a) of title
16 46, United States Code.

17 (C) PROGRAM.—The term “program”
18 means the program established under para-
19 graph (2).

20 (D) ZERO-EMISSION PORT EQUIPMENT OR
21 TECHNOLOGY.—The term “zero-emission port
22 equipment or technology” has the meaning
23 given the term in section 133(d) of the Clean
24 Air Act (42 U.S.C. 7433(d)).

1 (2) ESTABLISHMENT.—For fiscal year 2026
2 and each fiscal year thereafter, there are appro-
3 priated, out of any funds in the Treasury not other-
4 wise appropriated, to the Environmental Protection
5 Agency an amount equal to 5 percent of the
6 amounts collected pursuant to fees assessed under
7 sections 5 and 6 during the previous calendar year
8 to award grants and rebates to support workforce
9 training and development for the maintenance and
10 operation of zero-emission port equipment or tech-
11 nology and vessels that are propelled using batteries
12 or low-carbon fuels, including training, program-
13 ming, and curriculum development at maritime
14 academies on the maintenance and operation of
15 zero-emission port equipment or technology and ves-
16 sels that are propelled using batteries or low-carbon
17 fuels.

18 (3) ELIGIBLE ENTITIES.—An entity eligible to
19 receive an award under the program is—

20 (A) a State (including the District of Co-
21 lumbia and territories of the United States), re-
22 gional, local, or Tribal agency that has jurisdic-
23 tion over a port authority or a port;

24 (B) a port authority;

25 (C) an air pollution control agency;

1 (D) a maritime academy; and

2 (E) a private entity that—

3 (i) applies for a grant under this sub-
4 section in partnership with an entity de-
5 scribed in any of subparagraphs (A)
6 through (D); and

7 (ii) owns, operates, or uses—

8 (I) vessels, the primary purpose
9 of which are transporting cargo or
10 freight, that are propelled using bat-
11 teries or low-carbon fuels; or

12 (II) the facilities, cargo-handling
13 equipment, transportation equipment,
14 or related technology of a port.

15 (4) APPLICATION.—An eligible entity seeking
16 an award under the program shall submit to the Ad-
17 ministrator an application at such time, in such
18 manner, and containing such information as the Ad-
19 ministrator may require.

20 (d) HARBOR CRAFT ELECTRIFICATION.—

21 (1) ESTABLISHMENT.—For fiscal year 2026
22 and each fiscal year thereafter, there are appro-
23 priated, out of any funds in the Treasury not other-
24 wise appropriated, to the Environmental Protection
25 Agency an amount equal to 10 percent of the

1 amounts collected pursuant to fees assessed under
2 sections 5 and 6 during the previous calendar year
3 to award grants, rebates, or low-interest loans, as
4 determined appropriate by the Administrator—

5 (A) to replace existing harbor craft, except
6 for ferry vessels, with vessels that use batteries
7 for all propulsion power; and

8 (B) to support workforce development and
9 training to support the maintenance, charging,
10 fueling, and operation of vessels described in
11 subparagraph (A).

12 (2) MODELED OFF DIESEL EMISSIONS REDUC-
13 TION ACT.—To the extent practicable, the Adminis-
14 trator shall administer the program established
15 under paragraph (1) in a manner similar to the na-
16 tional grant program of the Administrator under
17 subtitle G of title VII of the Energy Policy Act of
18 2005 (42 U.S.C. 16131 et seq.).

19 (3) ELIGIBLE ENTITIES.—An entity eligible to
20 receive an award under the program established
21 under paragraph (1) is—

22 (A) a State (including the District of Co-
23 lumbia and territories of the United States), re-
24 gional, local, or Tribal agency that has jurisdic-
25 tion over a port authority or a port;

1 (B) a port authority; and

2 (C) a private entity that—

3 (i) applies for an award under this
4 subsection in partnership with an entity
5 described in subparagraph (A) or (B); and

6 (ii) owns, operates, or uses harbor
7 craft, except for ferry vessels.

8 (4) SELECTION.—

9 (A) APPLICATION.—An eligible entity seek-
10 ing an award under the program established
11 under paragraph (1) shall submit to the Admin-
12 istrator an application at such time, in such
13 manner, and containing such information as the
14 Administrator may require, which shall include
15 a certification that an award under the program
16 will be used to purchase a vessel that exclu-
17 sively uses a battery for all propulsion power.

18 (B) PRIORITY.—In selecting the recipients
19 of awards under the program established under
20 paragraph (1), the Administrator shall give pri-
21 ority to entities the replacement of whose har-
22 bor crafts with vessels that use batteries for all
23 propulsion power would—

24 (i) maximize the reduction of green-
25 house gas emissions;

1 (ii) maximize the public health bene-
2 fits from the reduction of criteria air pol-
3 lutants;

4 (iii) maximize water quality in ports
5 and other bodies of water;

6 (iv) maximize public health and envi-
7 ronmental benefits from every dollar spent
8 under the program; and

9 (v) alleviate air pollution in poor air
10 quality areas, including—

11 (I) areas identified by the Ad-
12 ministrator as in nonattainment or
13 maintenance of national ambient air
14 quality standards promulgated under
15 section 109 of the Clean Air Act (42
16 U.S.C. 7409) for criteria air pollut-
17 ants; and

18 (II) other areas that receive a
19 disproportionate quantity of air pollu-
20 tion, as determined by the Adminis-
21 trator.

22 (5) C_{LAWBACK}.—If the Administrator deter-
23 mines that the recipient of an award under the pro-
24 gram established under paragraph (1) has violated
25 the certification required under paragraph (4)(A),

1 the Administrator shall seek reimbursement of the
2 full amount of the award provided to the recipient.

3 (e) FERRY ELECTRIFICATION.—

4 (1) ESTABLISHMENT.—For fiscal year 2026
5 and each fiscal year thereafter, there are appro-
6 priated, out of any funds in the Treasury not other-
7 wise appropriated, to the Environmental Protection
8 Agency an amount equal to 10 percent of the
9 amounts collected pursuant to fees assessed under
10 sections 5 and 6 during the previous calendar year
11 to award grants, rebates, or low-interest loans, as
12 determined appropriate by the Administrator—

13 (A) to replace existing ferry or crew vessels
14 with vessels that use batteries for all propulsion
15 power; and

16 (B) to support workforce development and
17 training to support the maintenance, charging,
18 fueling, and operation of vessels described in
19 subparagraph (A) that use batteries for all pro-
20 pulsion power.

21 (2) MODELED OFF DIESEL EMISSIONS REDUC-
22 TION ACT.—To the extent practicable, the Adminis-
23 trator shall administer the program established
24 under paragraph (1) in a manner similar to the na-
25 tional grant program of the Administrator under

1 subtitle G of title VII of the Energy Policy Act of
2 2005 (42 U.S.C. 16131 et seq.).

3 (3) ELIGIBLE ENTITIES.—An entity eligible to
4 receive an award under the program established
5 under paragraph (1) is—

6 (A) a State (including the District of Co-
7 lumbia and territories of the United States), re-
8 gional, local, or Tribal agency that has jurisdic-
9 tion over a ferry line;

10 (B) a port authority; and

11 (C) a private entity that—

12 (i) applies for an award under this
13 subsection in partnership with an entity
14 described in subparagraph (A) or (B); and

15 (ii) owns, operates, or uses ferry or
16 crew vessels.

17 (4) SELECTION.—

18 (A) APPLICATION.—An eligible entity seek-
19 ing an award under the program established
20 under paragraph (1) shall submit to the Admin-
21 istrator an application at such time, in such
22 manner, and containing such information as the
23 Administrator may require, which shall include
24 a certification that an award under the program

1 will be used to purchase a vessel that exclu-
2 sively uses a battery for all propulsion power.

3 (B) PRIORITY.—In selecting the recipients
4 of awards under the program established under
5 paragraph (1), the Administrator shall give pri-
6 ority to entities the replacement of whose ferry
7 or crew vessels with vessels that use batteries
8 for all propulsion power would—

9 (i) maximize the reduction of green-
10 house gas emissions;

11 (ii) maximize the public health bene-
12 fits from the reduction of criteria air pol-
13 lutants;

14 (iii) maximize water quality in ports
15 and other bodies of water;

16 (iv) maximize public health and envi-
17 ronmental benefits from every dollar spent
18 under the program; and

19 (v) alleviate air pollution in poor air
20 quality areas, including—

21 (I) areas identified by the Ad-
22 ministrator as in nonattainment or
23 maintenance of national ambient air
24 quality standards promulgated under
25 section 109 of the Clean Air Act (42

1 U.S.C. 7409) for criteria air pollut-
 2 ants; and

3 (II) other areas that receive a
 4 disproportionate quantity of air pollu-
 5 tion, as determined by the Adminis-
 6 trator.

7 (5) CLAWBACK.—If the Administrator deter-
 8 mines that the recipient of an award under the pro-
 9 gram established under paragraph (1) has violated
 10 the certification required under paragraph (4)(A),
 11 the Administrator shall seek reimbursement of the
 12 full amount of the award provided to the recipient.

13 (f) INCREASED AIR MONITORING IN PORT COMMU-
 14 NITIES.—

15 (1) ESTABLISHMENT.—For fiscal year 2026
 16 and each fiscal year thereafter, there are appro-
 17 priated, out of any funds in the Treasury not other-
 18 wise appropriated, to the Environmental Protection
 19 Agency an amount equal to 3 percent of the
 20 amounts collected pursuant to fees assessed under
 21 sections 5 and 6 during the previous calendar year
 22 to provide grants, rebates, or low-interest loans, as
 23 determined appropriate by the Administrator, to cre-
 24 ate fenceline air monitoring at port boundaries and

1 in communities located within 1 mile of a port
2 boundary.

3 (2) ELIGIBLE ENTITIES.—An entity eligible to
4 receive an award under the program established
5 under paragraph (1) is—

6 (A) a State (including the District of Co-
7 lumbia and territories of the United States), re-
8 gional, local, or Tribal government;

9 (B) a State (including the District of Co-
10 lumbia and territories of the United States), re-
11 gional, local, or Tribal agency that has jurisdic-
12 tion over a port authority or port;

13 (C) a port authority;

14 (D) an air pollution control agency; and

15 (E) a nonprofit entity or nonprofit consor-
16 tium with experience in air pollution moni-
17 toring.

18 (3) APPLICATION.—An eligible entity seeking
19 an award under the program established under para-
20 graph (1) shall submit to the Administrator an ap-
21 plication at such time, in such manner, and con-
22 taining such information as the Administrator may
23 require.

24 (g) FUNDING OF EXISTING PROGRAMS.—

1 (1) CLEAN PORTS PROGRAM.—For fiscal year
2 2026 and each fiscal year thereafter, there are ap-
3 propriated, out of any funds in the Treasury not
4 otherwise appropriated, to the Environmental Pro-
5 tection Agency an amount equal to 10 percent of the
6 amounts collected pursuant to fees assessed under
7 sections 5 and 6 during the previous calendar year
8 to carry out the program established under section
9 133 of the Clean Air Act (42 U.S.C. 7433).

10 (2) PORT INFRASTRUCTURE DEVELOPMENT
11 PROGRAM.—For fiscal year 2026 and each fiscal
12 year thereafter, there are appropriated, out of any
13 funds in the Treasury not otherwise appropriated, to
14 the Department of Transportation an amount equal
15 to 7 percent of the amounts collected pursuant to
16 fees assessed under sections 5 and 6 during the pre-
17 vious calendar year to carry out the program estab-
18 lished under section 54301 of title 46, United States
19 Code.

20 (3) OCEANS AND COASTAL SECURITY.—For fis-
21 cal year 2026 and each fiscal year thereafter, there
22 are appropriated, out of any funds in the Treasury
23 not otherwise appropriated, to the National Oceanic
24 and Atmospheric Administration an amount equal to
25 3 percent of the amounts collected pursuant to fees

1 assessed under sections 5 and 6 during the previous
2 calendar year for deposit into the National Oceans
3 and Coastal Security Fund established under section
4 904(a) of the National Oceans and Coastal Security
5 Act (16 U.S.C. 7503).

6 (4) MARINE DEBRIS FOUNDATION.—For fiscal
7 year 2026 and each fiscal year thereafter, there are
8 appropriated, out of any funds in the Treasury not
9 otherwise appropriated, to the Department of Com-
10 merce an amount equal to 2 percent of the amounts
11 collected pursuant to fees assessed under sections 5
12 and 6 during the previous calendar year to carry out
13 subtitle B of title I of the Save Our Seas 2.0 Act
14 (33 U.S.C. 4211 et seq.).

Æ

ATTACHMENT 2C

South Coast Air Quality Management District

Legislative Analysis Summary – S. 1917 / H.R. 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia, Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espailat)

Version: As introduced, June 8, 2023

Analyst: LTO

S. 1917 / H.R. 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia, Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espailat) Clean Shipping Act of 2023

Summary: The Clean Shipping Act of 2023 would amend the Clean Air Act to establish standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

Background: The Clean Shipping Act of 2023 and the International Maritime Pollution Accountability Act are a package of bills introduced by Senators Alex Padilla, Sheldon Whitehouse, Dianne Feinstein, and Corey Booker to address greenhouse gas (GHG) emissions and air pollution from ocean going vessels (OGV). The House companion bill to the Clean Shipping Act (H.R. 4024) was introduced by Representatives Robert Garcia and Nanette Barragán.

This bill is endorsed by the following environmental and community organizations: Achieving Community Tasks Successfully; Azul; Breathe Southern California; California Environmental Voters; Catholic Charities Diocese of Stockton; Center for Biological Diversity; Center for Human Rights and Environment; Earthjustice; Environmental Defense Fund; Environmental Investigation Agency; Environmental Justice Committee, AAPI Equity Alliance; Faith Action Climate Team; Friends of the Earth; Green Latinos; Healthy Port Communities Coalition; Inland Ocean Coalition; Little Manila Rising; Long Beach Alliance for Children with Asthma; National Ocean Protection Coalition; New York City Environmental Justice Alliance; Ocean Conservancy; Ocean Defense Initiative; Opportunity Green; Pacific Environment; People for Climate Action – Seattle; Regional Asthma Management & Prevention; Restoring Earth Connection; San Pedro & Peninsula Homeowners Coalition; Seattle Cruise Control; Sierra Club; STAND.earth; Unitarian Universalist Church of Long Beach; Washington Physicians for Social Responsibility; and Waterway Advocates.

The Clean Shipping Act is supported by the following businesses and organizations: ABB; CALSTART; Cape Horn Engineering; Corvus Energy; Dealfeng New Energy Technology Ltd.; Evolve Hydrogen Inc.; Fourth Tack LLC; Future Proof Shipping B.V.; Green Hydrogen Coalition; Hy Stor Energy; International Windship Association; Maersk; Magnuss Corp.; NAVTEK NAVAL TECHNOLOGIES INC.; Ocean Assets Institute; Renewable Hydrogen Alliance; SHIFT Clean Solutions Ltd.; Spaera; Sustainable Ships; Unitrove; Wattlab; Wind+Wing Technologies Inc.; Zero Emissions Ship Technology Association; and ZULU Associates.

Status: 6/8/23 – Introduced in Senate and House.

Specific Provisions: The Clean Shipping Act would require U.S. EPA to promulgate regulations to reduce the carbon intensity of fuel used by OGVs and to eliminate GHG emissions and air pollutants from OGVs at berth or at-anchor at U.S. ports. The intent of the bill is to reduce GHG emissions by 2040 to be consistent with the Paris Agreement goal to limit warming to 1.5

degrees Celsius; and to reach zero-emissions for GHG and air pollutants at berth or at-anchor by 2030.

The bill would create progressively lower carbon intensity standards for fuels used by OGVs. The baseline for the fuel standards would be the average carbon intensity of fuel used by all vessels on covered voyages in the calendar year 2024. The standards would be as follows:

- 2027 - 2029: at least 20% less than baseline
- 2030 - 2034: at least 45% less than baseline
- 2040 and thereafter: 100% reduction

The bill includes flexibility for U.S. EPA to set less stringent fuel standards based on technological and economic feasibility with consideration for potential adverse impacts on public health and safety. including with respect to air quality, water, and waste. It also would allow U.S. EPA to harmonize with standards established by the International Maritime Organization (IMO) that are equal or more stringent.

Impacts on South Coast AQMD’s Mission, Operations, or Initiatives: The South Coast Air Basin is home to more than 17 million people, including nearly two-thirds of the state’s overburdened environmental justice communities. This region has some of the worst air quality in the nation and is in extreme non-attainment for ozone and severe non-attainment for PM_{2.5}.

The largest source of air pollution in the South Coast Air Basin stems from mobile sources related to goods movement activity in and around the San Pedro Bay Ports, including heavy-duty trucks, OGVs, locomotives, aircraft and off-road equipment. OGVs are quickly becoming the largest source of air pollution in our region as heavy-duty trucks and other equipment become cleaner.

Regulatory authority over OGVs is complex, involving international and domestic governmental organizations. While state and local government have some authority to reduce air pollution related to OGVs, the federal government has the strongest ability to regulate emissions in U.S. waters and to influence the IMO and other foreign stakeholders. The Clean Shipping Act would require the U.S. EPA Administrator to take a more aggressive approach to reducing GHG emissions from OGVs coming to call at U.S. ports.

The bill provisions related to OGVs would take effect 3-years later than CARB’s 2020 At-Berth regulations, which requires the last class of vessels to comply by January 1, 2027. However, the Clean Shipping Act would require elimination of both GHG and criteria pollutants at-berth and at-anchor. The Clean Shipping Act also sends signals to the IMO and foreign stakeholders that the U.S. is committed to reducing GHGs and air pollution from OGVs in our nation’s waters.

The bill authors have indicated willingness to discuss potential improvements to ensure criteria pollutants are reduced and not adversely impacted by GHG measures. Overall, the Clean

South Coast Air Quality Management District
Legislative Analysis Summary – S. 1917 / H.R. 4024 (Padilla, Welch, Whitehouse, Booker, Feinstein / Garcia,
Barragán, Huffman, Bonamici, Cleaver, Tlaib, Norton, Lee, Schiff, Sherrill, Lieu, Grijalva, Espaillat)
Version: As introduced, June 8, 2023
Analyst: LTO

Shipping Act is in alignment with South Coast AQMD's efforts to reduce air pollution from OGVs and sends a clear message that emissions reductions from OGVs are needed to the domestic and international governmental bodies.

Recommended Position: SUPPORT

ATTACHMENT 2D

II

118TH CONGRESS
1ST SESSION

S. 1917

To amend the Clean Air Act to provide for the establishment of standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 8, 2023

Mr. PADILLA (for himself, Mr. WELCH, Mr. WHITEHOUSE, Mr. BOOKER, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To amend the Clean Air Act to provide for the establishment of standards to limit the carbon intensity of the fuel used by certain vessels, and for other purposes.

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

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Clean Shipping Act
5 of 2023”.

6 SEC. 2. MARINE ZERO GREENHOUSE GAS FUEL STANDARD.

7 The Clean Air Act is amended by inserting after sec-
8 tion 212 (42 U.S.C. 7546) the following:

1 “(B) the standards required by each of
2 subparagraphs (B) through (D) of paragraph
3 (1) by not later than 2 years before the respec-
4 tive standard goes into effect.

5 “(3) TECHNOLOGICAL OR ECONOMIC FEASI-
6 BILITY.—

7 “(A) IN GENERAL.—If the Administrator
8 determines that a reduction in carbon intensity
9 required under paragraph (1) is not techno-
10 logically or economically feasible by the applica-
11 ble deadline under that paragraph, the Admin-
12 istrator, in lieu of promulgating the standard
13 otherwise required by that paragraph, shall pro-
14 mulgate a standard that will achieve the max-
15 imum reduction in the carbon intensity of the
16 fuel used by vessels on covered voyages that is
17 technologically and economically feasible by the
18 applicable deadline.

19 “(B) CONSIDERATIONS.—In determining
20 technological and economic feasibility for pur-
21 poses of subparagraph (A), the Administrator
22 shall take into account the net reduction of
23 emissions of greenhouse gases and potential ad-
24 verse impacts on public health, safety, and the
25 environment, including with respect to air qual-

1 ity, water quality, and the generation and dis-
2 posal of solid waste.

3 “(4) HARMONIZATION WITH INTERNATIONAL
4 STANDARDS.—If the Administrator determines that
5 standards mandated by the International Maritime
6 Organization for reduction of the carbon intensity of
7 fuel used by vessels for a calendar year are equal to
8 or more stringent than the standards under para-
9 graph (1) for that calendar year, the Administrator
10 may adopt those standards.

11 “(5) EXEMPTION.—Any vessel that is on cov-
12 ered voyages for 30 days or fewer during a calendar
13 year shall be exempt from the standards promul-
14 gated under this subsection for that year.

15 “(6) COMMON OWNERSHIP OR CONTROL.—For
16 purposes of determining compliance with any stand-
17 ard established under this subsection, the Adminis-
18 trator may allow the carbon intensity of the fuels
19 used by vessels under common ownership or control
20 to be averaged.

21 “(7) OVERCOMPLIANCE.—The Administrator
22 may allow vessels to credit overcompliance with any
23 standard established under this subsection towards
24 demonstrating compliance with any future standard
25 under this subsection.

1 “(b) MONITORING AND REPORTING.—

2 “(1) LIST OF METHODS.—

3 “(A) IN GENERAL.—The Administrator
4 shall develop a list of acceptable methods for
5 monitoring and reporting compliance with the
6 standards established under subsection (a).

7 “(B) CONSISTENCY OF METHODS.—The
8 Administrator, to the maximum extent prac-
9 ticable, shall ensure the consistency of the
10 methods included in the list required under sub-
11 paragraph (A) with similar reporting schemes
12 developed by the European Union and the
13 International Maritime Organization.

14 “(2) ANNUAL REPORTING REQUIREMENTS.—

15 For each calendar year, a vessel shall report to the
16 Administrator—

17 “(A) the carbon intensity of the fuel used
18 for each covered voyage;

19 “(B) the amount of fuel used for each cov-
20 ered voyage; and

21 “(C) the total greenhouse gas emissions
22 measured in carbon dioxide equivalent for all
23 covered voyages.

24 “(3) ANNUAL REPORT.—Not later than 180
25 days after the end of each annual reporting period

1 under paragraph (2), the Administrator, in consulta-
2 tion with the Secretary of Transportation and the
3 Commandant of the Coast Guard, shall publish a re-
4 port that—

5 “(A) compiles the data reported under
6 paragraph (2); and

7 “(B) includes an explanation intended to
8 facilitate public understanding of—

9 “(i) the carbon dioxide equivalent
10 emissions of vessels on covered voyages;

11 and

12 “(ii) the carbon intensity of fuels used
13 by those vessels.

14 “(c) ENFORCEMENT.—The standards established
15 under subsection (a) and the annual reporting require-
16 ments of subsection (b)(2) shall be considered an emission
17 standard or limitation for purposes of section 304(a)(1).

18 “(d) DEFINITIONS.—In this section:

19 “(1) CARBON DIOXIDE EQUIVALENT.—The
20 term ‘carbon dioxide equivalent’ means the number
21 of metric tons of carbon dioxide emissions with the
22 same global warming potential as 1 metric ton of
23 another greenhouse gas, as calculated using Equa-
24 tion A–1 in section 98.2(b) of title 40, Code of Fed-

1 eral Regulations (as in effect on the date of enact-
2 ment of this section).

3 “(2) CARBON INTENSITY.—The term ‘carbon
4 intensity’ means the quantity of lifecycle greenhouse
5 gas emissions per unit of fuel energy, expressed in
6 grams of carbon dioxide equivalent per megajoule.

7 “(3) CARBON INTENSITY BASELINE.—The term
8 ‘carbon intensity baseline’ means the average carbon
9 intensity of the fuel used by all vessels on covered
10 voyages in calendar year 2024.

11 “(4) COVERED VOYAGE.—The term ‘covered
12 voyage’ means any voyage of a vessel for the purpose
13 of transporting passengers or cargo for commercial
14 purposes—

15 “(A) that is between any ports of call
16 under the jurisdiction of the United States; or

17 “(B) that is between a port of call under
18 the jurisdiction of the United States and a port
19 of call under the jurisdiction of a foreign coun-
20 try.

21 “(5) GREENHOUSE GAS.—The term ‘greenhouse
22 gas’ means carbon dioxide, methane, nitrous oxide,
23 hydrofluorocarbons, perfluorocarbons, and sulfur
24 hexafluoride.

1 7219 (43 U.S.C. 1331 note; 64 Fed. Reg. 48701,
2 49844)).

3 “(2) EXCEPTION.—If the Administrator deter-
4 mines that standards required by paragraph (1) are
5 not technologically or economically feasible, the Ad-
6 ministrator shall promulgate standards that achieve
7 the maximum reduction of the emissions described
8 in that paragraph from the vessels described in that
9 paragraph that is technologically and economically
10 feasible.

11 “(3) CONSIDERATIONS.—In determining tech-
12 nological and economic feasibility under paragraph
13 (2), the Administrator shall take into account the
14 net reduction of emissions of greenhouse gases, the
15 net reduction of emissions of air pollutants for which
16 air quality criteria have been issued under section
17 108, and potential adverse impacts on public health,
18 safety, and the environment, including with respect
19 to air quality, water quality, and the generation and
20 disposal of solid waste.”.

Æ

ATTACHMENT 3A



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

To: South Coast AQMD Legislative Committee
From: Carmen Group
Date: September 28, 2023
Re: Federal Update -- Executive Branch

Congressional Outlook: As Congress approached the end of the Federal fiscal year on September 30th with little progress on appropriations bills, a government shutdown appeared next to inevitable, leaving great uncertainty about how the end-of-the-year wrap-up on FY24 spending and policy would unfold. The immediate sticking point was lack of agreement about a short-term continuing resolution (CR), the business-as-procedure for averting a shutdown and giving Congress more time to settle differences. House Republicans were hoping to agree among themselves on a CR that would make incremental progress on controlling spending, addressing the border, and forcing a negotiation with the Senate, but were mostly unsuccessful as the deadline approached.

Department of Transportation

FRA Announces CRISI Grant Awards: In September, the Federal Railroad Administration (FRA) announced the award of \$1.4 billion from the Bipartisan Infrastructure Law for 70 grants under the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program. California received six grants, at least three of which explicitly involve projects designed to reduce rail emissions from locomotives. Meanwhile, the FRA is expected to announce the availability of significantly increased new funding for the next round of CRISI grants by the end of this year.

DOT Announces Funds Available for EV Charger Reliability: In September, the Department of Transportation announced the availability of \$100 million from the Bipartisan Infrastructure Law to repair and replace existing but non-operational publicly-available electric vehicle (EV) charging infrastructure. The funds are part of a legally mandated 10% set-aside from the National Electric Vehicle Infrastructure (NEVI) formula program which is helping states build out a national system of new EV charging stations. Applications due November 13, 2023.

FAA Announces Funds Available for Reduced-Emission Aviation Projects: In September, the Federal Aviation Administration (FAA) announced the availability of nearly \$300 million from the Inflation Reduction Act for Sustainable Aviation Fuels (SAF) grants designed to reduce emissions from aviation. These include \$245 million for infrastructure projects and \$47 million for low-emission aviation technology projects. Applications due November 27, 2023

Proven Process. Proven Results.™

901 F Street, NW Suite 600 Washington, DC 20004 T 202.785.0500 F 202.478.1734 carmengroup.com

FAA Appointment: In September, the President nominated Michael Whitaker to be Administrator of the Federal Aviation Administration. Whitaker is a former FAA Deputy Administrator with 30 years of aviation experience, currently serving as CEO of a Hyundai company designing an electric advanced air mobility vehicle.

Environmental Protection Agency

EPA Announces Funds Available for Climate Pollution Reduction Grants: In September, the Environmental Protection Agency (EPA) announced the availability of \$4.6 billion for the Climate Pollution Reduction Grants (CPRG) program created by the Inflation Reduction Act. The program is designed to reduce emissions of greenhouse gases and other harmful pollution. EPA anticipates awarding approximately 30 to 115 grants ranging between \$2 million and \$500 million, while also advancing the Justice40 Initiative to ensure that 40% of certain Federal investments flow to disadvantaged communities. Applications due April 1, 2024.

EPA Solicits Applicants for Environmental Education Grants: In September, the EPA announced that up to \$3.6 million is being made available for grants under the 2023 Environmental Education (EE) Local Grant Program. EPA will award grants in each of EPA's 10 Regions, between \$50,000-\$100,000 each, for a total of 30-40 grants nationwide. Each Region has published a solicitation notice with their respective regional details. Applicants must apply to the Regional notice that corresponds with the location of their proposed project. Applications due November 8, 2023.

Department of Energy

DOE Announces Funds and Loans to Support EV Transition: In September, the Department of Energy (DOE) announced a \$15.5 billion package of funding and loans focused on retooling existing factories for the transitions to electric vehicles. This includes \$2 billion for a funding opportunity to spur conversion of manufacturing plants, \$10 billion in new loan authority under the Advanced Technology Vehicles Manufacturing Loan Program, and a Notice of Intent to invest \$3.5 billion to boost production of advanced batteries and battery materials.

DOE Recognizes Eleven Women for Achievements in Clean Energy: In September the DOE announced winners of the 2023 Clean Energy Education and Empowerment (C3E) Awards, honoring eleven women for outstanding leadership and accomplishments in clean energy. One of the awardees was from California: **Leuwam Tesfai**, Deputy Director of Energy and Climate Policy at the California Public Utilities Commission.

Notable Appointment: **Jeff Marootian** was promoted to be Principal Deputy Assistant Secretary for the office of Energy Efficiency and Renewable Energy.

Outreach: Contacts included staff at the Department of Transportation, the Maritime Administration, the Federal Railroad Administration, and the Energy & Transportation Joint Office, as well as representatives of our trucking industry coalition involving discussions on current issues, grant programs, and possible meetings in October.

###

ATTACHMENT 3B



To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: September 28, 2023
Re: September Report

HOUSE/SENATE

Congress

Congress has less than a week remaining to pass spending legislation to avoid a government shutdown. On the evening of September 26, the Senate voted 77-19 to advance a measure which would fund the government through November 19. The bill is endorsed by the White House and includes about \$6 billion in aid for Ukraine and \$6 billion for disaster relief. If the Senate does pass and send the Continuing Resolution to the House, Speaker Kevin McCarthy (R-CA-20) must decide whether to bring it to the floor, a decision that could prompt members of his party to challenge his Speakership.

Also on Tuesday evening, the House voted to start debate on the Defense, Agriculture, State and Foreign Operations, and Homeland Security appropriations bills. However, these bills are nonstarters in the Senate so they do not change the likelihood of a government shutdown at the end of the week. Speaker Kevin McCarthy (R-CA-20) has said he is in favor of passing a 30- or 45-day Continuing Resolution to allow time for passing the remainder of the Fiscal Year 2024 appropriations bills and negotiating a spending deal with the Senate.

EPA

On August 30, the Environmental Protection Agency (EPA) announced the availability of up to \$350 million in formula grant funding to monitor and reduce methane emissions from the oil and

gas sector and for the environmental restoration of well sites. The funding is provided by the Inflation Reduction Act through the Methane Emissions Reduction Program and aims to help reach the Biden administration's climate and clean air goals. Read the announcement [here](#).

An EPA report released on September 12 shows that the Inflation Reduction Act has spurred carbon dioxide emissions reductions from the electricity sector and beyond. Specifically, the report says that the Inflation Reduction Act lowers carbon dioxide emissions sector wide, including electricity generation and use, by 34-45% below 2005 levels in 2030. In the electric power sector, the Inflation Reduction Act will cause carbon dioxide emission reductions of 49-83% below 2005 levels in 2030. The EPA states that the Inflation Reduction Act reduces carbon dioxide emissions in all end use-sectors, including in residential and commercial buildings, industry, and transportation. Read the report [here](#).

On September 20, the EPA launched \$4.6 billion in competitive grants to fund state, local, and tribal programs and policies that reduce pollution, advance environmental justice, and deploy clean energy solutions. This funding is a part of the Climate Pollution Reduction Grants program, which was established by the Inflation Reduction Act. Through the program, the EPA has already awarded \$250 million to fund climate action plans in nearly all states – this round of competitive grants will fund these initiatives. The deadline to apply to the general competition is April 1, 2024, and the deadline for the tribes and territories competition is May 1, 2024. Read more about the grant opportunity [here](#).

On September 22, the Environmental Protection Agency proposed strengthening a 2020 Clean Air Act rule to make sure industrial facilities which emit large amounts of air pollution cannot increase emissions when reclassifying from a “major source” of emissions to an “area source.” Under the proposed change, any source that wishes to reclassify in this way must establish federally enforceable permit conditions which will better protect public health, containing safeguards to prevent emissions increases above what would be allowed under a major source emission standard under the Clean Air Act. This would apply to all sources choosing to reclassify and sources which have been reclassified since January 25, 2018. Read more [here](#).

Cassidy and Associates support in September:

- Worked with South Coast AQMD staff to strategize on DC outreach
- Provided strategic guidance regarding reauthorization and funding of the Homeland Security Biowatch program
- Advised staff on House and Senate Appropriations markups, focusing on South Coast AQMD priorities
- Continued to monitor and report on activities in Congress and the Administration that impact the District

IMPORTANT LEGISLATIVE DATES

September 30, 2023:

FY 2023 appropriations expire.

September 30, 2023:

The Farm Bill, an omnibus package of legislation that supports US agriculture and food industries expires; the bill is reauthorized on a five-year cycle.

September 30, 2023:

Deadline for the Federal Aviation Administration reauthorization.

September 30, 2023:

National Flood Insurance Program reauthorization deadline.

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)

ATTACHMENT 3C

KADESH & ASSOCIATES

South Coast AQMD Report for the October 2023
Legislative Meeting covering September 2023
Kadesh & Associates

With only two days remaining in FY 2023, neither the House nor the Senate has voted on a continuing resolution (CR), let alone all twelve full-year appropriations bills, meaning we are very likely to see a government shutdown beginning at midnight on September 30.

To their credit, the Senate has, on a bipartisan basis, started the process of considering a CR to maintain current funding levels through November 17, along with \$6B for Ukraine and \$6B for FEMA disaster assistance. There are also efforts underway to add funding for border/asylum needs. At the current pace, the Senate will vote on this CR on Sunday, October 1, which guarantees at least a technical shutdown over the weekend.

However, deep disagreements within the House majority mean that this shutdown will probably not just be a technicality. In order to placate holdouts in the Republican conference, House leadership continues to move further away from the budget agreements that were reached in the Fiscal Responsibility Act just a few months ago. This week, the House has set the stage for party-line votes on the FY24 Defense, State/Foreign Operations, Homeland Security, and Agriculture-FDA appropriations bills. The Agriculture bill is expected to fail due to concerns from rural Republican members over low funding levels and from frontline Republicans who oppose having to vote on the restrictions on the morning after pill.

House leadership also hopes to bring up a 30-day CR coupled with immigration/border language opposed by the White House. As of now, the House does not have the votes to pass this CR, nor have they agreed to consider the Senate CR. Meanwhile, the House Freedom Caucus just released a new set of appropriations process demands, which illustrates the essentially impossible negotiating position that Speaker McCarthy is attempting to maintain.

Given all of this, executive branch agencies are publishing shutdown contingency plans and notifying employees about who needs to report and who needs to stay home. This applies to Congress as well; although votes will continue in the event of a shutdown, nonessential meetings and activities will cease, and some staff will not report.

Kadesh & Associates Activity Summary-

-Worked with South Coast AQMD and the congressional delegation on whole-of-government efforts to address air quality through BIL and IRA funding programs.

Contacts:

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

###

South Coast Air Quality Management District Legislative and Regulatory Update –September 2023

❖ Important Upcoming Dates

October 14 – Last Day for the Governor to Sign or Veto Legislation Passed by the Legislature

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

- Provided ongoing updates as the Legislature headed into the last two weeks of session.
- Set and attended meetings with legislative offices as needed in support and opposition of legislation of interest

❖ AB 985 (Arambula) -South Coast AQMD Position: Oppose

This bill was not passed by the legislature and was held on the Assembly Floor.

ATTACHMENT 4B



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
October 13, 2023, Legislative Committee Hearing

Legislative Update

The 2023 legislative session ended in the early hours of September 15. The Legislature worked very long hours during the days leading up to the legislative deadline. The California State Assembly gaveled down first just before midnight and the State Senate adjourned just after midnight. For the last week of session, it was reported that about 720 bills were still pending consideration by Legislators.

With the Legislature now adjourned, the focus shifts to the Governor's office. Governor Gavin Newsom has until Saturday, October 14th to act on the bills passed. If signed, most bills go into effect at the start of the new year, unless they have an urgency clause or specify otherwise. Notably, the Legislature convenes in a two-year cycle and this year was the first year of the 2023-2024 Legislative session. Under the state Constitution, bills introduced in the first year of the session can be carried over to the following year and are referred to as "two-year" bills.

The Legislature will reconvene on Wednesday, January 3, 2024.

Budget Update

According to the Department of Finance's monthly bulletin, the state collected \$1.344 billion, or 11.1 percent, above the August forecast as receipts from all sources exceeded their estimates. Receipts for the first two months of the 2023-24 fiscal year were \$75 million, or 0.3 percent, above the forecast of \$21.906 billion. Sales tax was \$441 million above forecast in August, offsetting a \$453-million shortfall in July that was due to processing delays. Personal income tax withholding exceeded the forecast by \$367 million in August. The Budget Act monthly cashflow reflects the expected impact of delayed payment and filing deadlines for Californians in most counties to October 16. The delay affects personal and corporate income tax categories other than withholding, however the extent to which variance relative to the forecast is caused by taxpayers' behavior differing from assumptions is unknown. Preliminary General Fund agency cash receipts for the entire 2022-23 fiscal year were \$980 million above the 2023-24 Budget Act forecast of \$167.627 billion.

This has been one of the few times over the last year that revenues have exceeded forecasts. Recall, the state had to make several cuts in this year's budget given the shortfall. We could potentially see some of those cuts being restored if the state continues down a strong financial path.

Appointments Update

We are pleased to report that two South Coast AQMD Board Member appointments by the Governor had confirmation votes by the full Senate.

Board Member Gideon Kracov was approved by the Senate on a unanimous vote to the South Coast Air Quality Management District's Governing Board.

Board Member V. Manuel Perez was also approved on a unanimous vote to the California Air Resources Board.

Additionally, on September 27, Governor Newsom announced that he had appointed Cliff Rechtschaffen to the California Air Resources Board. He has served as a Commissioner on the Public Utilities Commission since 2017. This position will require confirmation by the Senate when they return in 2024.

ATTACHMENT 4C



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 – September 2023
DATE: Thursday, September 28, 2023

The Legislature spent the first half of September focused on moving their remaining bills through the legislative process and to the Governor before they adjourned for interim recess on September 14, 2023. The Legislature will return for the second half of the 2023-24 legislative session on January 3, 2024.

This year, the Legislature introduced 3,030 bills, 1,974 Assembly Bills and 1,056 Senate bills. Of those, 1,326 were sent to the Governor for his consideration. Thus far, the governor has signed 508 bills, vetoed 6 and has 812 to take action on before his October 14, 2023, deadline.

Looking forward towards the 2024 Legislative Session, the Assembly has elected a new Speaker, Assemblymember Robert Rivas, who took over on July 1, 2023. Additionally, the Senate will have a new Senate President Pro Tempore, Senator Mike McGuire, who will take over in January 2024. Senator McGuire will serve a relatively short term as he is termed out in 2026.

Both Assembly Speaker Rivas and Senate President Pro Tempore elect McGuire are from Northern California, and both come from rural districts, a sharp contrast to their predecessors who both come from highly urbanized areas of Southern California. Assembly Speaker Rivas and Senate President Pro Tempore elect McGuire will both make their own changes to the legislative process by way of new committee chairs, the makeup of committees, and leadership roles in both houses.

The following will provide you with an end of session recap on issues of interest to the district:

- AB 1216 (Muratsuchi): Our office worked with the Author and the sponsors of the bill on amendments that would ensure the District is reimbursed for all costs associated with the bill. AB 1216 was passed by the Legislature on September 7, 2023 and is now before the Governor for his consideration.

- AB 1465 (Wicks): Our office has been supporting this measure on behalf of the District throughout the legislative process. The bill is currently on the Senate Floor and was moved to the inactive file on September 6, 2023. This is now a 2-year bill.
- AB 1638 (Fong): Our office worked with the Author's office on amendments to exclude the District from the requirements in the bill. The Author agreed to our amendments and amended the bill on September 1, 2023 in the Senate Appropriations Committee. The Legislature passed this bill on September 6, 2023 and it is now before the Governor for his consideration.
- SB 410 (Becker): Our office has been supporting this measure on behalf of the District throughout the legislative process. The bill was passed by the Legislature on September 14, 2023 and it is now before the Governor for his consideration.
- SB 842 (Bradford): Our office worked with the Author's office to submit a Letter to the Journal that ensured the District's autonomy around the California Energy Commissions refinery turnarounds and maintenance process.

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

HONDA SETTLEMENT AGREEMENT

On September 13, 2023, CARB reached a settlement agreement with American Honda Motor of Torrance for \$7.9 million for violations of CARB's small off-road engine (SORE) air quality regulations. This is the third SORE enforcement action against Honda in the past four years.

In 2021, CARB testing revealed multiple SORE families did not meet the carbon canister capacity requirements under CARB's evaporative emission standards and SORE regulations. The carbon canister absorbs excess gasoline vapors from the fuel tank. To address this, Honda requested and was granted a variance which allowed the units to be sold contingent upon meeting specific criteria outlined in the variance. Honda failed to meet the terms, leading to the revocation of the variance. All units sold under the variance were then non-compliant with California regulations and, thus, illegal.

Honda cooperated with CARB to resolve all allegations of violating SORE and Evaporative Emissions Regulations. Honda's settlement includes a \$5,694,452 civil penalty that will go to CARB's Air Pollution Control Fund, which provides funding for projects and research to improve the state's air quality. The remaining \$2,273,967 will fund the following Supplemental Environmental Projects (SEP):

- New Voices Are Rising: Envisioning Resilience Hubs in the Community (Rose Foundation for Communities and the Environment, Pasadena), \$42,675
- Inland Empire Environmental Health and Education Connections (El Sol Neighborhood Educational Center), \$2,114,484
- Asthma Impact Model Stanislaus County (Central California Asthma Collaborative), \$79,077
- Side Street Projects – Woodworking Bus (Side Street Projects, Oakland), \$37,730

\$38 MILLION FOR EV CHARGING

On September 13, 2023, the California Energy Commission (CEC) opened applications for \$38 million in equity-focused incentives to fund publicly accessible EV charging stations in low-income and disadvantaged communities in 28 counties in northern and southern California. The rebates are part of the California Electric Vehicle Infrastructure Project (CALeVIP), the nation's largest EV charging incentive initiative. This is the second phase of CALeVIP's Golden State Priority Project, which offers funding for direct current fast charging (DCFC) stations. A first phase of incentives was offered earlier this year in California's eastern and central regions.

The rebates are available for installations by businesses, nonprofits, tribes and public entities. Eligible locations must be in disadvantaged and low-income communities as defined by the California Climate Investments Priority Populations Map. Rebates for charging equipment can cover 50% of a project's total costs or up to \$100,000 based on charger capacities.

The application window is from September 13, 2023 to December 12, 2023, at which point proposals will be reviewed and awards made based on meeting requirements and project readiness.

PEOPLE OF THE STATE OF CALIFORNIA V. BIG OIL

On September 16, 2023, Governor Newsom and Attorney General Rob Bonta announced that California is suing Big Oil for more than 50 years of deception, cover-up, and damage that have cost California taxpayers billions of dollars in health and environmental impacts. The defendants in the case include Exxon, Shell, Chevron, ConocoPhillips, BP, and The American Petroleum Institute.

Governor Newsom and Attorney General Rob Bonta claim that for decades Oil and gas executives have known about the dangers of the fossil fuels they produce. They highlight industry-funded reports directly linking fossil fuel consumption to rising global temperatures and damage to our air, land, and water. The State claims that Oil companies intentionally suppressed that information from the public and policymakers to protect their profits, and spent billions of dollars to spread disinformation on climate change and delay our transition away from fossil fuels.

The State is asking the court to order the oil companies to pay for the costs of their impacts to the environment, human health, and Californians' livelihoods, and to help protect the state against the harms that climate change will cause in years to come. Additionally, the State is seeking to prohibit oil companies from engaging in further pollution and destruction of California communities and natural resources and levy financial penalties on Big Oil for lying to the public. Lastly, the State wants the industry to immediately stop its ongoing efforts to deceive or misinform about their catastrophic impacts and award punitive damages to the state to punish these companies for their misconduct.

INTERNATIONAL METHANE-REDUCTION INITIATIVE

On September 20, 2023, the State of California announced the launch of a new climate initiative that will recruit subnational governments worldwide to commit to mitigating and reducing methane, with founding signatories from Mexico, South Africa, Brazil, Nigeria, and India. The new Subnational Methane Action Initiative was launched by Governor Newsom at Climate Week in New York City. Seven jurisdictions from across the globe have signed on so far.

California set a goal to reduce 40% of its methane emissions by 2030 compared to 2013 levels, and is leading the country with innovative solutions, including \$100 million in funding to support a constellation of satellites that can monitor for large methane plumes. The California Air Resources Board, California Environmental Protection Agency and California Natural Resources Agency are collaboratively leading these efforts.

Participants in this effort include California (USA), Queretaro (Mexico), Gauteng (South Africa), Espirito Santo (Brazil), Cross River State (Nigeria), Yucatan (Mexico), and Delhi (India). Other partners in the effort include the Climate Group, which convenes subnational governments for climate action through the Under2 Coalition, and the UC Berkeley Center for Law, Energy, and Environment, which will work with state agencies and Initiative members to create action plans, track progress, organize regular peer-to-peer learning opportunities, and share best practices.

While over 150 countries have agreed to collectively reduce global methane emissions by at least 30% below 2020 levels by 2030 through the Global Methane Pledge of 2021, meeting this target will require significant efforts from subnational jurisdictions. As the primary regulators of emissions from agriculture, energy and landfills, these levels of government are particularly suited to reducing methane emissions.

GOVERNOR'S APPOINTMENTS

On September 27, 2023, Governor Newsom announced the appointment of Cliff Rechtschaffen, to the California Air Resources Board. Rechtschaffen has served as a Commissioner on the California Public Utilities Commission since 2017. He served as a Senior Advisor on Climate and Energy in the Office of Governor Brown from 2011 to 2017. Rechtschaffen was Acting Director of the California Department of Conservation in 2011 and served as Special Assistant Attorney General at the California Department of Justice, Attorney General's Office from 2007 to 2010. Rechtschaffen was a Professor and Co-Founder of the Environmental Law and Justice Clinic at Golden Gate University School of Law from 1993 to 2007. He served as a Deputy Attorney General in the Environment Section of the California Department of Justice, Attorney General's Office from 1986 to 1993. Rechtschaffen earned a Juris Doctor degree from Yale Law School and a Bachelor of Arts degree in Politics from Princeton University. This position requires Senate confirmation.

2023 LEGISLATIVE DEADLINES

September 1 - Last day for fiscal committees to meet and report bills

September 5-14 - Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees

September 8 - Last day to amend on the Floor

September 14 - Last day for each house to pass bills. Interim Recess begins upon adjournment

October 14 – Last day for Governor to take action on bills.

January 3, 2024 – Legislature reconvenes.