



South Coast Air Quality Management District

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

LEGISLATIVE COMMITTEE MEETING

Committee Members

Mayor Michael A. Cacciotti, Chair
Senator Vanessa Delgado (Ret.)
Board Member Veronica Padilla-Campos
Supervisor V. Manuel Perez
Council Member Nithya Raman
Supervisor Janice Rutherford

August 12, 2022 ♦ 9:00 a.m.

Pursuant to Assembly Bill 361, the South Coast Air Quality Management District Legislative Committee meeting will only be conducted via videoconferencing and by telephone. Please follow the instructions below to join the meeting remotely.

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PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes total for all items on the agenda.

CALL TO ORDER

• **Roll Call**

1. Update on State Budget

Staff will provide a status update regarding the state budget as it relates to South Coast AQMD.

*Philip Crabbe III
Senior Public Affairs Manager,
Legislative, Public Affairs &
Media*

2. Update on State Proposition 30

Staff will present information regarding Proposition 30, which creates a tax to fund zero-emission vehicle infrastructure, clean vehicle subsidies, and CalFire wildfire programs.

*Derrick Alatorre
Deputy Executive Officer,
Legislative, Public Affairs &
Media*

ACTION/DISCUSSION ITEM (Item 1 through 3):

3. Update on South Coast AQMD Sponsored and High-Priority State Legislation

Staff will provide an update regarding the following South Coast AQMD sponsored and high-priority state bills:

Derrick Alatorre

<u>Bill#</u>	<u>Author</u>	<u>Bill Title</u>
AB 1749	C. Garcia	Community emissions reduction programs: toxic air contaminants and criteria air pollutants. (Key Support)
AB 2836	E. Garcia	Carl Moyer Memorial Air Quality Standards Attainment Program: vehicle registration fees: California tire fee. (Sponsored)
AB 2910	Santiago	Nonvehicular air pollution: civil penalties. (Sponsored)

DISCUSSION ITEMS (Items 4 through 5):

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

*Consultants will provide a brief oral report of Federal legislative activities in Washington D.C.
[Attachment 1a-1c - Written Reports]*

*Gary Hoitsma
Carmen Group*

*Amelia Jenkins
Cassidy & Associates*

*Mark Kadesh
Kadesh & Associates*

5. Update and Discussion on State Legislative Issues
(No Motion Required)

Consultants will provide a brief oral report on State legislative activities in Sacramento.

[Attachment 2a-2c - Written Reports]

*David Quintana
Resolute*

*Ross Buckley
California Advisors, LLC*

*Paul Gonsalves
Joe A. Gonsalves & Son*

OTHER MATTERS:

6. Other Business

Any member of this body, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Govt. Code Section 54954.2)

7. Public Comment Period

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Legislative Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

8. **Next Meeting Date** – Friday, September 9, 2022 at 9:00 am.

ADJOURNMENT

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Aisha Reyes at (909) 396-3074, or send the request to areyes2@aqmd.gov.

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Legislative Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to South Coast AQMD. Please contact Aisha Reyes at (909) 396-3074 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to areyes2@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the “Raise Hand” button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the “Raise Hand” button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please dial *9 on your keypad to signal that you would like to comment.



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

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: July 28, 2022

Re: Federal Update -- Executive Branch (June and July)

Reconciliation: After almost two months of seeming consensus that Democrats in Congress would not be able to reach agreement on any new “reconciliation” package with serious energy and climate provisions -- to replace their earlier plans for a multi-trillion dollar “Build Back Better” tax and spending bill -- Senators Schumer and Manchin surprised almost everyone on July 27 by announcing they had reached a secret deal on a \$739 billion package, the largest component of which was a \$369 billion series of energy and climate spending items, claiming these would reduce US carbon emissions by 40 percent by 2030. Among these items, based on early press reports, were the following:

- \$4000 consumer tax credits to buy used clean vehicles
- \$7500 consumer tax credits to buy new clean vehicles
- \$1 billion grant program to make affordable housing more energy efficient
- \$9 billion in consumer home energy rebate programs
- Tax credits to make homes more energy efficient
- Tax credits to encourage the manufacture of solar panels and wind turbines
- \$10 billion in investment tax credits for clean technology manufacturing centers
- \$2 billion in grants to retool auto manufacturing plants to produce clean vehicles
- Tax credits for clean sources of electricity and energy storage
- \$40 billion for grant/loan programs for states/utilities to cut use of fossil fuels
- \$60 billion in “environmental justice” priorities
- \$3 billion in grants to “reconnect communities divided by existing infrastructure”
- \$3 billion to address air pollution at ports with “zero-emission” equipment
- \$1 billion for cleaner school and transit buses and garbage trucks.

In order to pass, the bill would need the votes of all 50 Democrats in the Senate, plus the Vice President’s tie-breaking vote. In the early aftermath of the announcement, it was clear that not all of those votes were yet secured.

Appropriations: On July 28, Senate Appropriations Chairman Leahy released the Majority’s texts of appropriations bills, prompting Senate Appropriations Ranking Member Shelby to respond with his own laundry list of Republican objections, suggesting that a yearlong CR (which neither side wants) may be a real possibility at the end of the year. Both sides say they hope this back-and-forth is the start of a more serious

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negotiation on spending priorities, but it looks more like a rather hardened election-year (pre-election) stalemate.

Supreme Court Decision: In its 6-3 decision in the *West Virginia v. EPA* Clean Air Act case in June, the court ruled that the Clean Power Plan established under the Obama Administration went beyond the EPA's regulatory authority bestowed on it by the Congress. The court majority embraced the major questions doctrine, holding that federal agencies must be able to point to clear congressional authorization for regulations in extraordinary cases dealing with "major questions" of serious "economic and political significance."

Senate Hearing on Air Quality Monitoring Legislation: In July, the Senate Environment & Public Works Committee held a hearing to consider three air quality monitoring bills: S. 1345, the Comprehensive National Mercury Monitoring Act; S. 2476, the Environmental Justice Air Quality Monitoring Act; and the Public Health Air Quality Act. While it was an interesting discussion on the bills and on related environmental justice issues, it seemed clear that none of these items had enough support by themselves to move farther in the legislative process this year.

Joe Goffman Nomination: President Biden's nomination of Joe Goffman to be EPA Assistant Administrator for Air and Radiation was still in limbo at the end of July. Since his nomination hearing in May, a committee vote was twice postponed in July where he faces a likely party-line 10-10 tie vote, and where it will be necessary for all of the Democrats to be present and voting both in the Committee and then on the Senate floor, something which has been a little dicey in the wake of some recent COVID-related absences. Goffman's history as the Obama Administration's architect of the EPA's Clean Power Plan that was just stuck down by the Supreme Court has animated Republican opposition.

Environmental Protection Agency

EPA Releases Annual Air Report: In June, the EPA released its annual interactive report tracking America's progress in controlling air pollution. "*Our Nation's Air: Trends Through 2021*" provides information about the health and environmental impacts of air pollution, trends in air quality and emissions data, and community-level health impacts of air toxics emissions. <https://gispub.epa.gov/air/trendsreport/2022/>

EPA Releases Justice40-Covered Program List: In June, the EPA released a list of 72 EPA programs that will be covered under the Administration's Justice40 Initiative which aims to deliver 40 percent of the overall benefits of federal climate, clean energy and other investments to disadvantaged communities. Key programs on the list include DERA, Target Airshed Grants, Ports Initiative Small Grants and Clean School Bus Grants.

EPA Awards EJ Grants in California: In June, the EPA awarded over \$1 million in grants to support 13 projects designed to advance environmental justice in California. The grants were awarded through EPA's national Environmental Justice Small Grants and Collaborative Problem-Solving programs and cover a wide array of environmental

justice issues including COVID-19 pandemic response, air and water monitoring, food access, community planning, emergency preparedness and port-related air quality.

UC-Irvine Students Win First Place in EPA's National EJ Video Challenge: In July, a team of eight students at the University of California, Irvine, were awarded the First-Place prize of \$20,000 in EPA's national Environmental Justice Video Challenge for Students. The challenge contest tasked teams of college students from across the nation to create videos identifying and characterizing an environmental justice issue important to a local community. The winning entry was titled, *Unearthing Lead: The Power of Historical Maps*. See the 5-minute winning video here: <https://youtu.be/IE-ax71Clal>

Department of Energy

Notable Appointment:

Jeff Marootian, *Assistant Secretary for Energy Efficiency and Renewable Energy*
Biden WH Pres. Personnel; Dir., DC DOT; Obama DOT; GWU Alum and Faculty

DOE Launches \$8 Billion Program for Clean Hydrogen Hubs: In June, the Department of Energy released a Notice of Intent to fund the Bipartisan Infrastructure Law's \$8 billion program to develop regional clean hydrogen hubs across the country. The hubs will create networks of hydrogen producers, consumers, and local connective infrastructure to accelerate the use of hydrogen as a clean energy carrier. DOE will select proposals that prioritize employment opportunities, and address hydrogen feedstocks, end uses, and geographic diversity.

DOE Announces Funding Opportunity to Support Vehicle Electrification: In July, the Department of Energy announced a \$96 million funding opportunity under the Vehicle Technologies Office to support clean vehicles. The focus will be projects that expand vehicle electric charging accessibility, advance innovation in electric drive components and materials, and create cleaner non-road engines. Concept papers due August 25, 2022. Full applications due November 10, 2022.

DOE Releases Justice40-Covered Program List: In July, the DOE released its list of 146 Department of Energy programs that will be covered under the Administration's Justice40 Initiative which aims to deliver 40 percent of the overall benefits of federal climate, clean energy and other investments to disadvantaged communities. Key programs on the list include those under the offices of Energy Efficiency and Renewable Energy, Advanced Research Project Agency-Energy, Loan Program Office, Clean Energy Demonstrations and State and Community Energy Programs, among others.

DOE Announces First ATVM Loan in Over a Decade: In July, the Department of Energy's Loan Program Office announced it closed a \$102.1 million loan to support a private processing facility in Vidalia, Louisiana, that produces a critical material used in lithium-ion batteries for electric vehicles. This marks the first loan from the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program since 2011, and the first such loan exclusively for a supply chain manufacturing project.

Department of Transportation

Notable Appointments:

Gen. Stephen R. Lyons (Ret.), *Port and Supply Chain Envoy* (Replacing John Porcari)
Former Commander, US Transportation Command

Dr. Steven Cliff, *National Highway Traffic Safety Administrator* (Confirmed by Senate)
CARB 2008-22 and Dep. Exec. Off., CA DOT, UC-Davis Air Quality Research Center

Shailen Bhatt, *Federal Highway Administrator* (Nominated)
Dir. CO DOT; Dir., DE DOT

FHWA Proposes Standards for EV Chargers: In June, the Federal Highway Administration issued a Notice of Proposed Rulemaking on proposed minimum standards and requirements for projects funded under the National Electric Vehicle Infrastructure (NEVI) Formula Program (\$5 billion over 5 years) established under the Bipartisan Infrastructure Law. The proposed rule seeks to establish the groundwork for states to build a seamless network of charging stations across the country.

DOT/DOE Joint Office Announces Electric Vehicle Working Group: In June, the Administration's Joint Office of Energy and Transportation announced the Federal Advisory Committee Act (FACA) Electric Vehicle Working Group (EVWG) to make recommendations regarding the integration of electric vehicles into America's transportation and energy systems. Established by the Bipartisan Infrastructure Law, the group will consist of 25 representatives, Federal Government employees, and special Government employees (SGEs).

FHWA Proposes Guidelines for State DOTs on Reducing Carbon Emissions: In July, the Federal Highway Administration issued a Notice of Proposed Rulemaking for state DOTs and metropolitan planning organizations (MPOs) to track and reduce highway-related greenhouse gas (GHG) emissions under the Carbon Reduction Formula Program established in the Bipartisan Infrastructure Law. The rule would add a new GHG performance management measure to help states track progress and "make more informed investment decisions," while creating "a flexible system under which State DOTs and MPOs would set their own declining targets" for GHG emissions. Republican critics in Congress have noted that a closer reading of the rule suggests states should also be guided with less flexibility by goals set out in Presidential "net-zero" climate executive orders which are not spelled out in the law, a point which likely needs more clarity before the proposed rule is finalized.

Outreach: Contacts included Sen. Jim Inhofe and Senate Environment & Public Works Committee staff on clean air issues and reconciliation; and Lee Janger with the Alliance for Vehicle Efficiency on the Clean Truck Plan and on possible changes to EPA's NAAQS standard for particulate matter.

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To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: July 27, 2021
Re: June & July Report

HOUSE/SENATE

Both the House and Senate are in session this week as they rush towards August recess. Time is running short before recess and, shortly after, the break for the midterm elections. Congress is hoping to move on the CHIPS-Plus bill, public safety policies, and government funding before the Fall. The CHIPS Act passed the Senate this week and will be passed by the House shortly and head to the President's desk. The \$280 billion package is designed to aid both domestic semiconductor chip manufacturing and US high-tech research.

It is a long shot for the House to pass their gun control and police funding bills this week. House Democratic leadership is struggling to get the party on the same page. Different factions within the caucus are jockeying for leverage as the House prepares to leave town for August recess.

We should see Senate Appropriations language this week, but any further movement on the government funding package may wait until the Fall. There is discussion of a continuing resolution (CR) before September that would extend through early December.

Reconciliation is back again, but in a very stripped-down form. This current version of reconciliation includes two key provisions that Sen. Joe Manchin will support – Medicare prescription drug price reform and a two-year extension of Obamacare premium subsidies. There are rumors that Congress will be brought back into session early at the end of August to take up reconciliation. The Democrats have struggled with razor thin margins in both the House and Senate as COVID-19 cases run through Capitol Hill once again.

EPA

On June 1, the EPA released their annual air report, tracking air quality trends, exploring visibility in treasured parks, and measuring impacts of air-toxic emissions. The interactive report includes a summary tool for community-level information regarding potential hazards from air emissions. The report found that between 1970 and 2021, the combined emissions of six key emissions dropped by 78%. However, while emissions continue to decline, the air quality varies year by year. Read more [here](#).

Applications are now open for school districts to apply for clean school bus funding as a part of the \$500 million investment to replace the nation's fleet of school buses with clean, American-made, zero-emission buses in the Bipartisan Infrastructure Law (BIL). The EPA will prioritize applications that will replace buses serving high-need local education agencies, Tribal Schools, and rural areas, and it supports President. Biden's Justice40 initiative to direct at least 40% of the benefits of certain government investments to underserved communities. Applications are being accepted until August 19, more information can be found [here](#) and questions about the process can be directed to CleanSchoolBus@epa.gov.

The EPA named Los Angeles the top city with the most ENERGY STAR certified buildings (650 buildings) this year. Given that commercial buildings are responsible for 18% of the country's energy use, ENERGY STAR buildings are crucial in reducing greenhouse gas emissions by using on average 35% less energy and producing 35% less carbon dioxide than conventional buildings. These buildings have saved over \$5 billion on energy bills.

An initial list of programs covered by the Biden-Harris Administration's Justice40 initiative includes 72 initiatives, ranging from the agency's Lead Risk Reduction program to the newly created Clean School Bus Program. The full list of programs can be found [here](#).

On June 3, the EPA announced the final biofuel volume requirements for 2020-2022, strengthening the Renewable Fuel Standard program (RFS). The EPA also allowed biointermediates, which are feedstocks converted at two separate facilities, to be included in the RFS program. The EPA also classified renewable diesel and biofuels made of canola oil as advanced biofuels. Both biointermediates and canola oil biofuels may increase compliance and encourage innovative biofuels. Finally, the EPA provided an alternative schedule for small refineries to comply with RFS obligations and an alternate compliance approach for certain refineries for 2016-2018. The final volume requirements can be found [here](#).

In response to the recent *West Virginia v. EPA* ruling on June 30, the Administrator Regan released a statement making it clear that he was disappointed in the ruling. The EPA announced that the agency will set and implement lawful environmental standards to protect communities from environmental harm. The EPA will continue to reduce pollution and support the energy sector in growing the clean energy economy. The full statement can be read [here](#).

Administrator Regan joined representatives from Mexico and Canada to announce the second cycle of the EJ4Climate grant program. EJ4Climate is a program launched by the Commission for Environmental Cooperation (CEC) to support environmental justice and climate resilience for underserved, vulnerable, and Indigenous communities across North America. This second cycle of the grant program will be funded with \$2 million in grant funding, supported by \$1 million from the EPA, and will focus on projects that strengthen environmental education and build resilience to climate change. Full statements can be read [here](#). In addition to the grant program, all the representatives discussed progress on the two initiatives announced during last year's CEC session – the large scale initiative on [Air Quality Improvement for Environmental Justice](#) and development of a [Community Environmental Justice Network](#), which will begin implementation in 2022.

Cassidy and Associates support in June and July:

- Secured key meetings with the Biden Administration for Executive staff and the Senate Environment and Public Works Committee.
- Worked with South Coast AQMD staff to strategize on DC outreach
- Continued to monitor and report on activities in Congress and the Administration that impact the District.

IMPORTANT LEGISLATIVE DATES

August 1, 2022

House out for August Recess

August 8, 2022

Senate out for August Recess

October 3, 2022

House and Senate out for midterm elections

PANDEMIC RESPONSE PROGRAMS AND AUTHORITIES

End Date/Program

Sept. 30, 2025

Pandemic Response Accountability Committee, Congressional Oversight Commission

AGENCY RESOURCES

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

Helpful Agency Contact Information:

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

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

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

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

KADESH & ASSOCIATES

South Coast AQMD Report for the August 2022 Legislative Meeting covering June-July 2022 Kadesh & Associates

The House spent much of the early summer working through their versions of the Fiscal Year (FY) 23 appropriations bills, including committee markups throughout the month of June. On July 20, the House approved a package of six of those bills, including the Energy & Water and the Interior-Environment bill. The EPA accounts that are important to South Coast AQMD all fared very well, including \$100M for TAG, \$150M for DERA, and \$322.2 million in Sec 103 and 105 grants to air agencies. The House has not yet scheduled a vote on the other six appropriations bills.

The Senate process has been much less straightforward: the Senate Appropriations committee majority has not yet released its bills, and the latest reporting suggests that they might release their draft bills online before the August recess and skip the committee process and floor consideration altogether, which is similar to their approach last year.

As a reminder, the new fiscal year begins on October 1, but the bicameral and bipartisan Appropriations committee leaders have not yet agreed on topline funding levels. If and when a topline agreement is reached, the twelve appropriations bills will need to be altered to conform to those levels. It is very likely that we will see a continuing resolution to continue current funding levels past the end of FY22.

In the House, we have also seen recent action on other South Coast AQMD policy priorities, including in the Wildfire Response and Drought Resiliency Act that was considered the week of July 25. That bill included authorization for additional federal funding to remediate issues at the Salton Sea, as well as several authorizations designed to address wildfire smoke impacts, including the Smoke Planning and Research Act to research the public health effects of smoke from wildland fires, and provide grant funding to mitigate those effects, which South Coast AQMD has also supported.

Finally, the on-again off-again budget reconciliation negotiations between Senate Majority Leader Schumer and Senator Joe Manchin continued in dramatic fashion this summer. After weeks of negotiation, Senator Manchin announced in July that he could not support the climate policy and tax reforms that he had been negotiating, and would instead only support a reconciliation bill that targeted prescription drug prices and health insurance costs. At the end of the July, in a surprise to all of Capitol Hill, Manchin and Schumer announced that they had reached agreement on a 725 page bill that includes the health cost provisions as well as \$1B for clean heavy-duty vehicles, consumer tax credits for clean vehicles, and significant incentives for energy efficiency and clean power.

Kadesh & Associates Activity Summary-

- Worked with South Coast AQMD and the congressional delegation on efforts to support the CA truck rule and to encourage federal efforts to address air quality.

KADESH & ASSOCIATES

-Continued work with the delegation and South Coast AQMD staff to focus attention on air quality implications of FY23 budget request and appropriations.

Contacts:

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

###

RESOLUTE[★]

South Coast Air Quality Management District Legislative and Regulatory Update – June and July 2022

❖ Important Upcoming Dates

August 1	–	Legislature Reconvenes from Summer Recess.
August 12	–	Last day for fiscal committees to meet and report bills
Aug 15-31	–	Floor session only
August 31	–	Last day for each house to pass bills. Final recess begins upon adjournment

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

- Assisted South Coast staff in confirming and participating in key meetings with staff for legislators as AB 2836 (E. Garcia) and AB 2141 (E. Garcia) moved from the Assembly to the Senate and were heard in Senate committees. Additional meetings were set during July for AB 2836 as that bill is heading to Senate Appropriations Committee.
- Assisted South Coast staff in confirming and participating in an AB 617 funding meeting with the Governor's Office.
- Continued outreach to numerous legislative members and offices regarding South Coast priority legislation and issues.

❖ SCAQMD Sponsored Legislation.

- AB 2141 (Eduardo Garcia): AB 617 Sustainable Funding
 - AB 2141 was not presented in Senate policy committee by the author given that the funding for AB 617 was agreed upon in the 2022 Annual Budget Act (SB 154).
 - SB 154 included appropriations for AB 617 which for this budget year will allocate a total of \$300 million to AB 617 (\$40 million of the total from the General Fund, and \$260 million from the Greenhouse Gas Reduction Fund). Additionally, the budget agreement includes funding of \$300 million from the General Fund in the 2023-2024 budget which presents a unique shift in fund source for the program. This shift in funding should allow the District to pursue additional funding from the Greenhouse Gas Reduction Funding while keeping the General Fund allocation as a floor.
 - SB 154 was passed by the Assembly and Senate on June 13 and signed by the Governor on June 27.
- AB 2836 (E. Garcia): Carl Moyer Extension
Senate Transportation (6/14/2022). Passed with 14 Ayes, 0 Noes, and 3 No Vote Recorded.
 - Ayes: Allen, Bates, Becker, Cortese, Dahle, Dodd, Gonzalez, Limón, McGuire, Min, Newman, Skinner, Wieckowski, Wilk
 - Noes: N/A
 - NVR: Archuleta, Melendez, Rubio
- AB 2836 (E. Garcia): Carl Moyer Extension
Senate Environmental Quality Committee (6/22/2022). Passed with 7 Ayes, 0 Noes, and 0 No Vote Recorded.

- Ayes: Allen, Bates, Dahle, Eggman, Gonzalez, Skinner, Stern
- Noes: N/A
- NVR: N/A
- AB 2836 will now head to the Senate Appropriations Committee where it will be placed on the Suspense File. The Suspense hearing is expected to take place on Thursday, August 11.

❖ **June Budget Agreement.** On June 1, the Assembly and Senate announced an agreement on the [Joint Legislative Budget Plan](#). This initial agreement was reflected in [SB 154 \(Budget Act of 2022\)](#) and was the budget bill that the legislature passed in time for the constitutionally mandated deadline of June 15. While it set overall spending levels for what will ultimately become the \$21 billion ‘Climate and Energy Package’, SB 154 did not specify appropriations for the environment, air quality, water and drought, or wildfire components of the \$21 billion.

However, one key investment that was agreed upon was AB 617 funding: \$300 million was appropriated in SB 154, signifying that the legislature chose to specifically prioritize these investments and not delay action on this item until August.

In addition to SB 154, which was the Legislative version of the budget, the Governor and the Legislature subsequently came to agreement on the overall budget bill with [AB 178 \(Budget Act of 2022\)](#). AB 178, also known as Budget Bill Jr., was passed by the legislature on June 29, and signed by the Governor on June 30. As referenced earlier, it is expected that the final amendments to the Budget Act, including details of the Climate and Energy Package, will be approved in August.

- ❖ **Air Resources Board Hearing to consider Draft 2022 Climate Change Scoping Plan Update.** On June 23-24, the Air Resources Board held a hearing to discuss and gather public comment from the public on the Draft Plan that was released in May. The hearing, which began at 9am on June 23, lasted into the night with a very long list of public commenters weighing in to provide their comments. The following morning the Board itself discussed their priorities and thoughts in relation to the draft and that portion of the hearing can be found here: <https://cal-span.org/unipage/?site=cal-span&owner=CARB&date=2022-06-24>
- ❖ **Governor Newsom Sends Letter to ARB Chair on Accelerating Targets in Scoping Plan.** On July 22, Governor Newsom outlined new targets and requested actions to accelerate progress on the State’s climate goals. The letter to Chair Randolph is available here: <https://www.gov.ca.gov/wp-content/uploads/2022/07/07.22.2022-Governors-Letter-to-CARB.pdf?emrc=1054d6>

The new targets and actions highlighted in the press release are these:

- **Offshore Wind:** Establishing a California Energy Commission planning goal of at least 20GW of offshore wind in 2045.
- **Clean and Healthy Buildings:** Creating a goal of 3 million climate-ready and climate-friendly homes by 2030 and 7 million by 2035, supplemented by 6 million heat pumps by 2030, and directing 50 percent of investments to low-income and disadvantaged communities.
- **Moving Away from Fossil Fuels:** Directing state agencies to plan for an energy transition to meet our long-term energy goals that avoids the need for new natural gas plants, while ensuring reliability. Establishing a 20 percent clean fuels target for the aviation sector. The Governor also requested that CARB evaluate a more stringent Low Carbon Fuel Standard and accelerate refinery transitions to clean fuels production.
- **Methane:** Forming a Task Force to identify and address methane leaks from oil infrastructure near communities, recognizing the threats these leaks can pose to community health and safety.
- **Carbon Removal:** Setting a 20 MMT carbon removal target for 2030 and 100 MMT carbon removal target for 2045, emphasizing the role of natural and working lands and the need for safe and equitable engineered carbon removal.

- **Increasing Climate Ambition:** Partnering with the Legislature to make carbon neutrality state law and accelerate progress toward California's 2030 target; bring new ambition to the state's clean energy goals; develop policy to support sequestration from natural and working lands while incorporating industrial carbon capture in carbon neutrality efforts; and finalize investments under the state's \$53.9 billion Climate Commitment.
- ❖ **Governor Newsom Announces Opposition to EV Funding Initiative.** In late July, the Governor also announced his opposition to Proposition 30 which has qualified for the November 22 ballot. The initiative would tax income earners making more than \$2 million annually and fund ZEV incentive programs alongside funding to fight wildfires. A summary for the initiative is available from the Legislative Analyst Office here: <https://lao.ca.gov/handouts/resources/2022/Initiative-Statute-ZEV-and-Wildfire-Activities-053122.pdf>

Politico Pro: Gavin Newsom is fighting a wealth tax that would fund his own climate goals

BY JEREMY B. WHITE | 07/28/2022 05:00 AM EDT

California environmentalists know how to fund Gov. Gavin Newsom's aggressive plan to get gas-powered vehicles off the road: Tax the rich.

What's standing in their way? Newsom.

The state's ambitious, progressive governor is vehemently opposing a November ballot initiative to subsidize the electric vehicle market through a wealth tax. He declared the measure a "cynical scheme" by one of its key backers, ride-hail company Lyft, to meet a state EV mandate on the public's dime.

Lyft's environmentalist bedfellows see something else: a governor standing in the way of a clean car transition he's touted but failed to fully fund.

"I'm pretty disgusted," said Mary Creasman, CEO of California Environmental Voters, another of the measure's backers and the type of environmentalist who has cheered much of Newsom's assertive climate agenda. "It is astounding to say the least from a governor who says he's progressive and wants to be a climate leader."

The issue isn't whether to swap gas cars for electric — something Newsom has ordered — but how to pay for the transition. The ballot battle underscores the enormous financial and logistical obstacles — and highlights the political perils for companies such as Lyft that are seeking public help to achieve mandates. Newsom's alignment with anti-tax Republicans and business groups demonstrates that warning signs have the Democratic governor treading carefully.

The reaction from backers of the measure, known as Proposition 30, is a sign of the bitter battles to come as California, the largest new car market in the nation, tries to wean itself off the carbon-emitting vehicles that are one of the principal causes of climate change. It also reflects the difficult balancing act Newsom faces as he tries to achieve his policy goals.

Prop 30 would raise income taxes on people earning more than \$2 million a year to fund zero-emission vehicle purchases and infrastructure. Half the money for incentives would go to people in lower-income communities and a share of the money for infrastructure would be used to install charging stations at apartment buildings. A portion would also be used to fund wildfire prevention efforts, a provision that backers have stressed as they tout support from firefighters."

Newsom galvanized environmentalists and bolstered California's ambitious climate agenda with his 2020 order requiring all new vehicles sold in the state to be zero-emission by 2035. A related but less-noticed law compels ride-hailing companies like Lyft and Uber to mostly abolish internal combustion engines from their fleets by 2030. That last requirement is proving challenging since electric vehicles are still pricey, chargers remain relatively scarce, and the people driving for ride-hail apps work as independent contractors.

That tech industry mandate has now attracted outsized attention.

Lyft has also spent years lobbying the state for more money. It has spent \$15 million so far to pass Prop 30.

Newsom noticed. His denunciation of the company was a notable contrast from his stance to Silicon Valley giants during the 2020 election cycle, when the governor frustrated some allies by remaining neutral on a ballot initiative that Lyft and other tech firms funded to carve themselves out of a new employment mandate.

"Prop. 30 is fiscally irresponsible and puts the profits of a single corporation ahead of the welfare of the entire state," Newsom said in a statement.

The governor's fiery denunciation abruptly opened a fissure between Newsom and some typical allies, including the California Democratic Party. Creasman called Newsom's assertion that the measure was solely intended to benefit Lyft "an out-right lie," and said the governor is placing the interests of his donors over the public.

"We've been hearing this is driven by billionaire donors saying they don't want higher taxes," Creasman said.

A Newsom spokesman, Nathan Click, dismissed the idea that donors played a role, saying the governor was minding the "welfare and fiscal health of the entire state." Lyft has already given a maximum donation to Newsom's re-election bid.

The company declined to comment on Newsom's broadside. It said in an earlier statement it backed the initiative "to help people afford zero-emission vehicles and develop a more robust and convenient charging network."

The company has long sought more electric vehicle and charger funding. It lobbied against a 2018 California bill requiring the company to deploy more zero-emission vehicles. It ultimately dropped its opposition but subsequently pressed regulators for more help.

The governor was joined in opposition by the powerful California Teachers Association, a close ally that deployed significant resources to defend Newsom from last year's recall attempt. The union says Prop 30 could take money from schools by setting aside a portion of the general fund to subsidize electric vehicles.

Unions that would build electric infrastructure have backed the initiative.

Newsom's position aligned him with the California Republican Party and with conservative groups like the California Chamber of Commerce. The business group said "the last thing California needs right now is a tax increase" as inflation soars and economists warn of a potential recession. The governor has signaled a similar aversion to new taxes. His team

conveyed its opposition to another initiative that sought to fund pandemic detection by taxing the rich. That measure did not qualify for the ballot.

Newsom drew national praise when he unveiled the 2020 order requiring all new vehicles sold in California to be electric by 2035. Reaching that goal, however, will likely not be cheap.

Although California has already spent heavily over the years to incubate and nurture the growing electric vehicle market, automakers and environmental policy experts broadly agree that the state will need to keep the funds flowing to reach Newsom's benchmark.

"I think it is necessary to reach the goals that the state has set," said Mary Nichols, former chair of the California Air Resources Board and a Prop 30 endorser. "I understand and share the reluctance to create permanent protected funding sources for particular favored projects, but this area is one that, although it has received a lot of funding, needs more."

Zero-emission vehicles accounted for about 12 percent of California's light-duty car sales last year, although annual purchases and market share are gradually growing as car companies ramp up production amid rising demand. The roughly 79,000 operational charging stations around the state are far short of the number needed, and the majority are privately owned.

The market is dominated by wealthier consumers who can afford, say, a Tesla and a charging station in their single-family home. Expanding that market to middle-and-lower-income buyers will require subsidies both for purchasing vehicles and for charging stations in public places and apartment complexes, say policy experts and industry players.

"It's unclear to us where, as automakers, that volume of charging infrastructure is going to come from if there's not state investment," said Curt Augustine, senior director of state affairs for the Alliance for Automotive Innovation, an industry group that has remained neutral on the ballot initiative. "With this state mandate we're going to need all the help we can get."

Newsom noted in his opposition statement that the state has already allocated billions of dollars to build infrastructure, with his latest budget channeling part of an enormous surplus to \$6.1 billion for clean vehicles over the next five years. California has already handed out roughly 450,000 rebates to help people purchase low-emission vehicles — part of a suite of subsidies that Newsom has argued were critical to launching electric vehicle companies like Tesla.

Yet the message from Prop 30 supporters is: It's not enough. They argue that budget booms like California's current windfall are fleeting, and they worry that the Legislature will turn its attention to other issues if electric vehicle funding is not set aside for the future.

"If there is a stable source of funding both for wildfire and EVs, then you create the ability to plan in a more profound way," said Ken Alex, who was a high-level climate adviser to former Gov. Jerry Brown and now heads UC Berkeley's Project Climate. "I think there's a way to go. That doesn't mean it needs to go on forever, but if it was 10 years, 15 years, that wouldn't surprise me."



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
August 12, 2022, Legislative Committee Hearing

Legislative Update

The last two weeks of June saw hundreds of bills being heard in policy committees between the Senate and the Assembly. July 1 marked the deadline for policy committees to meet and refer bills to the fiscal committees. Additionally, the beginning of July saw lawmakers head back to their districts for a four-week long summer recess. Upon returning to Sacramento on August 1st, the countdown to the finish line begins. In all, the Legislature will have about a month to finish up its business for this legislative session. We expect a flurry of actions during the month of August. The “suspense” hearings in the respective appropriations committees will occur and additional budget actions will be taken. The deadline for each house to pass bills is August 31st.

On July 22, Governor Gavin Newsom pushed for California to move faster to reach its climate goals, setting ambitious new targets for renewable energy, clean buildings, carbon removal, and clean fuels in the transportation sector.

Specifically, in a letter to the Chair of the California Air Resources Board (CARB), Governor Newsom called for the state to ensure that the 2022 Climate Change Scoping Plan provides a path to achieve both the 2030 climate goal and state carbon neutrality no later than 2045, requesting that the final plan incorporate new efforts to advance offshore wind, clean fuels, climate-friendly homes, and carbon removal and address methane leaks. CARB will meet in the fall to consider adopting a final draft of the 2022 Climate Change Scoping Plan.

The Governor also announced a new climate dashboard highlighting state climate action and progress toward key targets. The California Environmental Protection Agency (CalEPA) will continue to expand the dashboard to help Californians understand the actions the state is taking to adapt to a changing climate, and track progress in areas such as zero-emission vehicle sales, clean energy job creation, and consumer savings from energy efficiency standards.

Budget Update

On June 30, ahead of the new fiscal year, Governor Newsom signed the \$307.9 billion state budget. The budget covers the 2022-23 fiscal year that began July 1. Newsom and Legislative Leadership have touted that this budget aims “to help address rising costs, tackles the state’s most pressing needs, builds our reserves, and invests in California’s future.”

The Legislature also passed 29 budget-related bills. Notably, the budget includes \$9.5 billion in refunds to Californians to offset higher gas prices and inflation; \$14.8 billion for a multi-year transportation package which included funding for regional transit, rail, and ports; and \$53.9 billion to address the issues of climate change in California. The budget also included funds for the AB 617 program and additional investments in zero-emission vehicles.

The conversations around the budget will continue into the month of August. There will likely be several negotiations that will occur on funding over the next few weeks, and clean-up bills will be needed. The budget continues to be a year-long conversation.

Election Update

On July 15, Secretary of State Dr. Shirley Weber certified the results for the June 7 primary election. In doing so, Dr. Weber issued the Statement of the Vote, which provides detailed information on how votes were cast within each county. In total, 7,285,230 votes were cast. This is a new high for a California gubernatorial primary slightly above the 7,141,947 votes cast in June 2018.

Further, while there had been concerns about low turnout going into the election, the data shows that 33.2% of registered voters cast a ballot. The fact that voter turnout was decent is even more impressive when accounting for the fact that there were no state propositions on the June primary ballot.

Dr. Weber also announced that there will be seven propositions on the ballot this November. Proposition 30 would tax people making more than \$2 million a year to fund greenhouse gas emission reduction programs, including rebates for the purchase of zero-emission vehicles. Governor Newsom has already expressed his opposition to this proposition. He has concerns over raising taxes when the state has already allocated billions of dollars to zero-emission vehicle deployment.

Appointments

Governor Gavin Newsom announced the appointment of Joe Stephenshaw as Director of the California Department of Finance. In this capacity, Stephenshaw will, among other things, oversee the development of the governor's budget proposals.

If confirmed by the Senate, Stephenshaw will fill the role held by Keely Martin Bosler since 2018. He has served as Senior Counselor on Infrastructure and Fiscal Affairs in the Office of the Governor since March 2022.



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

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TO: South Coast Air Quality Management District
FROM: Anthony, Jason & Paul Gonsalves
SUBJECT: Legislative Update – June & July, 2022
DATE: Thursday, July 28, 2022

The Legislature passed a budget on June 13, 2022, and while this budget allowed the Legislature to meet its constitutional deadline to adopt a budget by June 15, it was opposed by the Governor and did not represent a negotiated compromise between the Assembly, Senate, and Administration. Consequently, the Governor did not sign the budget bill.

Given the start of the state's budget year on July 1, the Governor and Legislative Leadership continued to negotiate behind the scenes. Just before the Legislature was scheduled to adjourn for summer recess on July 1, 2022, the Governor and Legislative Leaders reached agreement on a \$300 billion budget. The centerpiece for this budget agreement is a \$9.5 billion "inflation relief package." Under the agreement, 95% of California taxpayers will be eligible for stimulus payments ranging from \$200 up to \$1,050 for some families. The budget proposal will also suspend the state's diesel tax.

In addition to the budget, the Legislature had until July 1, 2022 to pass all bills out of policy committees. When the Legislature returns from Summer Recess, they will have until August 12, 2022 to pass all bills out of the Appropriations Committees and until the end of the month to pass all of their legislation to Governor Newsom for his consideration. The Governor will then have until September 30 to act on the legislation sent to him.

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

BUDGET

As previously mentioned, on June 13, 2022, the Legislature approved SB 154 (Skinner), a \$300 billion state budget bill, however, legislative leaders had to continue to negotiate with Governor Newsom over numerous items including a proposed multibillion-dollar rebate to taxpayers. The Legislature adopted the record spending plan to meet a constitutional requirement that the Legislature pass a balanced budget by June 15 or forgo their pay.

On June 27, 2022, Legislative Leaders and Governor Newsom announced they reached an agreement on the 2022-23 budget, which includes total spending of \$308 billion, of which

\$234.4 billion is from the General Fund. The budget includes total reserves of \$37.1 billion, including \$3.4 billion in the regular operating reserve.

The following will provide you with the highlights of the newly agreed upon budget:

Middle-Class Tax Refund:

Part of the newly agreed upon budget is the Middle-Class Tax Refund, totaling \$9.5 billion, which provides direct tax refunds for 23 million Californians based on 3 tiers:

- First Tier: 14.2 million tax filers with incomes up to \$75,000/\$150,000 (Single Filers / Joint Filers):
 - \$350 per tax filer, plus an additional \$350 if tax filer has at least one dependent.
- Second Tier: 2.1 million tax filers with incomes above First Tier, but below \$125,000/\$250,000 (Single Filers / Joint Filers):
 - \$250 per tax filer, plus an additional \$250 if tax filer has at least one dependent.
- Third Tier: 1.1 million tax filers with incomes above Second Tier, but below \$250,000/\$500,000 (Single Filers / Joint Filers):
 - \$200 per tax filer, plus an additional \$200 if tax filer has at least one dependent.

\$439 Million to Pause the State Sales Tax on Diesel for 12 Months:

The suspension of the State's Diesel tax is an effort to bring relief to the commercial sector and drivers by pausing the General Fund (3.9375 percent rate) portion of the sales tax rate on diesel fuel that will provide an estimated \$439 million in relief.

\$53.9 Billion California Climate Commitment

- Drought and Water Resilience: The budget invests another \$2.8 billion (on top of last year's \$5.2 billion) to ensure water security for Californians and focuses on near- and long-term actions to build water resilience and promote conservation.
- Fighting Wildfires: \$2.7 billion to reduce the risk of catastrophic wildfires and bolster forest health. These projects include forest thinning, prescribed burns, grazing, reforestation, and fuel breaks.
- Accelerating the Zero-Emission Vehicle (ZEV) Transition: \$6.1 billion to expand ZEV access and affordability and support the build-out of infrastructure across the state.
- Bolstering our Energy System: \$4.3 billion to support energy reliability, provide relief to ratepayers, create strategic energy reserves and accelerate clean energy projects. Additionally, the budget includes \$3.8 billion for clean energy projects to boost affordability and reliability.
- Regional Transit, Rail and Ports: \$14.8 billion for projects to support the continued development of clean transportation projects, including the high-speed rail system and bicycle and pedestrian projects.

Homelessness and Mental Health:

The budget includes \$3.4 Billion over two years to build on last year's \$12 billion multi-year investment by continuing progress on expanding behavioral health housing, encampment cleanup grants and support for local government efforts.

COVID-19:

The budget adds \$1.8 billion to continue implementing the state's SMARTER plan, including more funding to support school testing, increase vaccination rates and more. The budget also invests \$300 million General Fund for the California Dept. of Public Health and local health jurisdictions to permanently expand the state's capacity to protect public health and promote health equity.

AB 178 (Ting) is the Budget Bill that amends the Legislature's original budget contained in SB 154. AB 180 is the Budget Bill that amends the 2021-22 budget to make current year allocations. There is also a substantial trailer bill package to make statutory changes needed to implement the budget agreement. The budget and related budget trailer bills include:

- AB 178 by Assemblymember Philip Ting – Budget Act of 2022.
- AB 180 by Assemblymember Philip Ting – Budget Act of 2021.
- AB 181 by the Committee on Budget – Education finance: education omnibus budget trailer bill.
- AB 182 by the Committee on Budget – COVID-19 emergency response: Learning Recovery Emergency Fund.
- AB 183 by the Committee on Budget – Higher education trailer bill.
- AB 186 by the Committee on Budget – Public health.
- AB 192 by the Committee on Budget – Better for Families Tax Refund.
- AB 194 by the Committee on Budget – Taxation.
- AB 195 by the Committee on Budget – Cannabis.
- AB 199 by the Committee on Budget – Courts.
- AB 200 by the Committee on Budget – Public safety omnibus.
- AB 202 by the Committee on Budget – County jail financing.
- AB 203 by the Committee on Budget – Public resources.
- AB 205 by the Committee on Budget – Energy.
- AB 210 by the Committee on Budget – Early childhood: childcare and education.
- SB 125 by the Committee on Budget and Fiscal Review – Public resources: geothermal resources: lithium.
- SB 130 by the Committee on Budget and Fiscal Review – State employment: State Bargaining Units 5, 6, 7, and 8: agreements.
- SB 131 by the Committee on Budget and Fiscal Review – November 8, 2022, statewide general election: ballot measures.
- SB 132 by the Committee on Budget and Fiscal Review – State employment: State Bargaining Units 16 and 18: agreements.
- SB 184 by the Committee on Budget and Fiscal Review – Health.
- SB 187 by the Committee on Budget and Fiscal Review – Human services.
- SB 188 by the Committee on Budget and Fiscal Review – Developmental services omnibus.
- SB 189 by the Committee on Budget and Fiscal Review – State Government.
- SB 191 by the Committee on Budget and Fiscal Review – Employment.
- SB 193 by the Committee on Budget and Fiscal Review – Economic development: grant programs and other financial assistance.
- SB 196 by the Committee on Budget and Fiscal Review – State employment: State Bargaining Units: agreements.

- SB 197 by the Committee on Budget and Fiscal Review – Housing.
- SB 198 by the Committee on Budget and Fiscal Review – Transportation.
- SB 201 by the Committee on Budget and Fiscal Review – Taxation: Earned Income Tax Credit: Young Child Tax Credit: Foster Youth Tax Credit.

CAP-AND-TRADE

The May 2022 Cap-and-Trade auction results demonstrate strong demand for allowances as all of the 58,331,300 current vintage allowances offered for sale were purchased, resulting in the seventh consecutive sold out auction. The current auction settled at \$30.85, \$11.15 above the \$19.70 floor price and \$1.70 above the February settlement price of \$29.15. This is the third consecutive record auction settlement price.

All of the 7,942,750 future vintage allowances offered for sale were purchased (these allowances can be used for compliance beginning in 2025). This is a rebound from last quarter's auction when allowances for future use fell just short of a sellout.

Future vintage allowances settled at \$28.13, \$8.43 above the \$19.70 floor price. This is the second-highest settlement price of an advance auction after the November 2021 price of \$34.01.

The May auction generated almost \$1.1 billion for the California Climate Investments, which continue to drive resources toward some of the most overburdened communities in the state.

GOVERNOR'S NEW FINANCE DIRECTOR

On July 1, 2022, Governor Newsom announced the appointment of Joe Stephenshaw as Director of the California Department of Finance, filling the role held by Keely Martin Bosler since 2018.

Joe Stephenshaw has served as Senior Counselor on Infrastructure and Fiscal Affairs in the Office of the Governor since March 2022. Prior to that, he was Staff Director for the Senate Budget and Fiscal Review Committee from 2017 to 2022 and he held multiple positions in the California Legislature from 2008 to 2017, including serving as a Policy Consultant in the Office of the Senate President pro Tempore, a Special Advisor to the Speaker of the Assembly, and as a Budget Consultant for both the Assembly Budget Committee and the Senate Budget and Fiscal Review Committee. Additionally, Joe Stephenshaw was a Budget Analyst for the California Department of Finance from 2005 to 2008.

CARB'S CORE PROJECT

On July 18, 2022, the California Air Resources Board (CARB) announced their second round of the Clean Off-Road Equipment Voucher Incentive Project (CORE). The CORE project, administered by CALSTART, will provide \$125M in point-of-sale discounts on off-road zero-emission equipment. Originally, the CORE program was only for freight, but in 2022, CORE is expanding to include funding for the commercial harbor craft and agriculture and construction sectors.

Participation in the project has been streamlined for ease of use. Qualified participants will receive vouchers for point-of-sale discounts on off-road zero-emission equipment, up to a maximum of \$500,000 per voucher. There is no requirement to scrap, sell, or retire existing

equipment and additional funding may be available for charging/refueling infrastructure, equipment operated in disadvantaged communities, and small businesses.

The CORE project supports nine equipment categories:

1. On- and off-road terminal tractors
2. Truck- and trailer-mounted transport refrigeration units (TRUs)
3. Large forklifts and cargo-handling equipment
4. Airport ground-support equipment
5. Railcar movers and switcher locomotives
6. Mobile power units (MPUs) and mobile shore-power cable management systems
7. Construction equipment
8. Agricultural equipment
9. Commercial harbor craft

The first round of CORE provided over \$62 million in funds and over 460 vouchers for vehicles and electric vehicle supply equipment, with terminal tractors being the most requested equipment type.

The CORE project is part of the California Climate Investments, a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, improving public health and the environment, and providing meaningful benefits to the most disadvantaged communities, low-income communities, and low-income households.

GOVERNOR'S PUSH TO MEET CLIMATE GOALS

On July 22, 2022, Governor Newsom pushed California to move faster to reach its climate goals, setting ambitious new targets for renewable energy, clean buildings, carbon removal, and clean fuels in the transportation sector.

In a letter to the Chair of CARB, Governor Newsom called for the state to ensure that the 2022 Climate Change Scoping Plan provides a path to achieve both the 2030 climate goal and state carbon neutrality no later than 2045, requesting that the final plan incorporate new efforts to advance offshore wind, clean fuels, climate-friendly homes, and carbon removal and address methane leaks.

The Governor also announced that he will work with the Legislature to enshrine carbon neutrality into state law, increase the state's ambition towards our 2030 climate goals and accelerate our clean energy targets, while supporting carbon sequestration from our natural and working lands and advancing safe and equitable engineered carbon removal. He will also work to finalize the state's historic investments under the \$53.9 billion climate commitment, with a focus on equity and community resilience, while expanding opportunities for climate innovation and manufacturing here in California.

The Governor's letter requested actions on the 6 new targets outlined in the letter, which include:

1. Offshore Wind: Establishing a California Energy Commission planning goal of at least 20GW of offshore wind in 2045.

2. **Clean and Healthy Buildings:** Creating a goal of 3 million climate-ready and climate-friendly homes by 2030 and 7 million by 2035, supplemented by 6 million heat pumps by 2030, and directing 50% of investments to low-income and disadvantaged communities.
3. **Moving Away from Fossil Fuels:** Directing state agencies to plan for an energy transition to meet our long-term energy goals that avoids the need for new natural gas plants, while ensuring reliability. Establishing a 20% clean fuels target for the aviation sector. The Governor also requested that CARB evaluate a more stringent Low Carbon Fuel Standard and accelerate refinery transitions to clean fuels production.
4. **Methane:** Forming a Task Force to identify and address methane leaks from oil infrastructure near communities, recognizing the threats these leaks can pose to community health and safety.
5. **Carbon Removal:** Setting a 20 MMT carbon removal target for 2030 and 100 MMT carbon removal target for 2045, emphasizing the role of natural and working lands and the need for safe and equitable engineered carbon removal.
6. **Increasing Climate Ambition:** Partnering with the Legislature to make carbon neutrality state law and accelerate progress toward California's 2030 target; bring new ambition to the state's clean energy goals; develop policy to support sequestration from natural and working lands while incorporating industrial carbon capture in carbon neutrality efforts; and finalize investments under the state's \$53.9 billion Climate Commitment.
7. CARB will meet in the fall to consider adopting a final draft of the 2022 Climate Change Scoping Plan.

Governor Newsom also announced the launch of a new climate dashboard highlighting state climate action and progress toward key targets. CalEPA will continue to expand the dashboard to help Californians understand the actions the state is taking to adapt to a changing climate, and track progress in areas such as zero-emission vehicle sales, clean energy job creation and consumer savings from energy efficiency standards. The climate dashboard can be found here: <https://calepa.ca.gov/climate-dashboard/>

2022 LEGISLATIVE DEADLINES

June 15:	Budget Bill must be passed by midnight
June 30:	Last day for a legislative measure to qualify for the Nov. 8, 2022 General Election ballot
July 1:	Last day for policy committees to meet and report bills
July 1- August 1:	Summer Recess
August 12:	Last day for fiscal committees to meet and report bills
August 15 – 31:	Floor session only. No committee may meet for any purpose except Rules Committee.

August 25: Last day to amend bills on the floor

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