

California State Assembly



Agenda

Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation

Assemblymember Steve Bennett, Chair

Wednesday, April 24, 2024
9:30 A.M. – State Capitol, Room 447

Items To Be Heard		
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3900	California Air Resources Board	3
3360	California Energy Commission	
Issue	1. Zero-Emission Vehicle Spending Plan	3
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Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Subchair or request a presentation by the Administration at the discretion of the Subchair. Members of the public are encouraged to provide public comment on these items at the designated time.

Non-Presentation Items		
Item	Description	Page
3900	California Air Resources Board	24
Issues	<ol style="list-style-type: none"> 1. Advanced Clean Cars II ZEV Regulation Reporting Tool 2. California Environmental Protection Agency (CalEPA) Bond and Technical Adjustments 3. CARB Position Authority Adjustments 4. Chrome Plating Airborne Toxic Control Measure (Chrome Plating Amendments) 5. In-Use Off-Road Diesel-Fueled Fleets Regulation and Enforcement 6. Prescribed Burning and Exceptional Events 7. Resources to Implement More Stringent PM2.5 National Ambient Air Quality Standard 8. Support Enhanced Portable Equipment Registration Program 	<p>24</p> <p>24</p> <p>24</p> <p>25</p> <p>25</p> <p>25</p> <p>26</p> <p>26</p>

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee.

Items To Be Heard

3900 California Air Resources Board 3360 California Energy Commission

Issue 1: Zero-Emission Vehicle Spending Plan

The Governor’s budget requests to extend the \$10 billion Zero-Emission Vehicle (ZEV) commitment over an additional year which delays \$600 million to future years, shifts \$475 million to the Greenhouse Gas Reduction Fund (GGRF), and cuts \$38 million.

This results in a total of \$807 million in ZEV funding in 2024-2025 with only funding for school buses, transit buses, and federal infrastructure dollars.

The ZEV plan adopted last year is:

Zero-Emission Vehicle Investments (2023) (Dollars in Millions)

Category	Program	Agency							Totals
			2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	
Passenger Vehicles	Clean Vehicle Rebate Project	CARB	\$525	\$0	\$0	\$0	\$0	\$0	\$525
	Clean Cars 4 All & Other Equity Projects	CARB	\$150	\$381	\$80	\$45	\$0	\$0	\$656
	Fueling Infrastructure Grants	CEC	\$515	\$15	\$0	\$120	\$140	\$80	\$870
	Equitable At-home Charging	CEC	\$20	\$0	\$100	\$80	\$60	\$40	\$300
Big ZEVs	Drayage Trucks & Infrastructure	CARB	\$157	\$75	\$80	\$48	\$48	\$37	\$445
		CEC	\$181	\$85	\$85	\$50	\$50	\$49	\$500
	Drayage Trucks & Infrastructure Pilot Project	CARB	\$40	\$0	\$0	\$0	\$0	\$0	\$40
		CEC	\$25	\$0	\$0	\$0	\$0	\$0	\$25
	Transit Buses & Infrastructure	CARB	\$70	\$70	\$0	\$0	\$0	\$0	\$140
		CEC	\$30	\$30	\$0	\$0	\$0	\$0	\$60
		CalSTA	\$0	\$0	\$220	\$230	\$230	\$230	\$910
	School Buses & Infrastructure	CARB	\$130	\$510	\$0	\$375	\$375	\$0	\$1,390
		CEC	\$20	\$140	\$0	\$125	\$125	\$0	\$410
	Clean Trucks, Buses & Off-Road Equipment	CARB	\$500	\$600	\$0	\$0	\$0	\$0	\$1,100
		CEC	\$299	\$0	\$145	\$137	\$89	\$0	\$670
Ports	CARB	\$0	\$0	\$0	\$0	\$0	\$185	\$185	
	CEC	\$0	\$0	\$0	\$0	\$0	\$130	\$130	

	Near-Zero Heavy Duty Trucks	CARB	\$45	\$0	\$0	\$0	\$0	\$0	\$45
Other	Consumer Awareness	GO-BIZ	\$5	\$0	\$0	\$0	\$0	\$0	\$5
	Manufacturing Grants	CEC	\$125	\$125	\$0	\$0	\$0	\$0	\$250
	Community-Based Plans, Projects	CARB/CalSTA	\$0	\$0	\$60	\$100	\$100	\$79	\$339
	Emerging Opportunities	CARB	\$53	\$0	\$0	\$0	\$47	\$0	\$100
		CEC	\$54	\$0	\$0	\$0	\$46	\$0	\$100
	Charter Boats Compliance	CARB	\$0	\$60	\$0	\$20	\$20	\$0	\$100
	Transportation Package ZEV*	CalSTA	\$407	\$77	\$77	\$77	\$76	\$76	\$790
Totals			\$3,351	\$2,168	\$847	\$1,407	\$1,406	\$906	\$10,085

This includes the following delays:

Proposed ZEV Investment Delays (Dollars in millions)			
Dept.	Program	BY	BY+3
CARB	Clean Cars 4 All & Other Equity Projects	\$ (45.0)	\$ 45.0
CEC	ZEV Fueling Infrastructure Grants	\$ (120.0)	\$ 120.0
CEC	Equitable At-home Charging	\$ (80.0)	\$ 80.0
CARB	Drayage Trucks & Infrastructure	\$ (48.0)	\$ 48.0
CEC	Drayage Trucks & Infrastructure	\$ (50.0)	\$ 50.0
CEC	Clean Trucks, Buses and Off-Road Equipment	\$ (137.0)	\$ 137.0
CARB	Community-Based Plans, Projects and Support / Sustainable Community Strategies	\$ (100.0)	\$ 100.0
CARB	Charter Boats Compliance	\$ (20.0)	\$ 20.0
Total		\$ (600.0)	\$ 600.0

And cuts (**All taken In Early Action**):

- Drayage Trucks & Infrastructure Pilot Project by \$23.5 million (CARB and CEC)
- Zero Emission Vehicle (ZEV) Manufacturing Grants by \$7.3 million (CEC)
- Emerging Opportunities by \$7.3 million (CEC)

The Governor’s proposed ZEV plan this year is:

Category	Program	Agency							2027-28	Total	
			2021-22	2022-23	2023-24	2024-25	2025-26	2026-27			
Passenger Vehicles	Clean Vehicle Rebate Project	CARB	\$525	\$0	\$0	\$0	\$0	\$0	\$0	\$525	
	Clean Cars 4 All & Other Equity Projects	CARB	\$150	\$381	\$80	\$0	\$0	\$0	\$45	\$656	
	Fueling Infrastructure Grants	CEC	\$311	\$1	\$219	\$0	\$140	\$80	\$120	\$871	
	Equitable At-home Charging	CEC	\$20	\$0	\$100	\$0	\$60	\$40	\$80	\$300	
Big ZEVs	Drayage Trucks & Infrastructure	CARB	\$157	\$75	\$80	\$0	\$48	\$37	\$48	\$445	
		CEC	\$105	\$4	\$242	\$0	\$50	\$49	\$50	\$500	
	Drayage Trucks & Infrastructure Pilot Project	CARB	\$26	\$0	\$0	\$0	\$0	\$0	\$0	\$26	
		CEC	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$16	
	Transit Buses & Infrastructure	CARB	\$70	\$70	\$0	\$0	\$0	\$0	\$0	\$0	\$140
		CEC	\$30	\$2	\$29	\$0	\$0	\$0	\$0	\$0	\$61
		CalSTA	\$0	\$0	\$220	\$230	\$230	\$230	\$0	\$0	\$910
	School Buses & Infrastructure	CARB	\$130	\$510	\$0	\$375	\$375	\$0	\$0	\$0	\$1,390
		CEC	\$20	\$140	\$0	\$125	\$125	\$0	\$0	\$0	\$410
	Clean Trucks, Buses & Off-Road Equip.	CARB	\$500	\$600	\$0	\$0	\$0	\$0	\$0	\$0	\$1,100
		CEC	\$228	\$0	\$216	\$0	\$89	\$0	\$137	\$0	\$670
	Ports	CARB	\$0	\$0	\$0	\$0	\$0	\$185	\$0	\$0	\$185
		CEC	\$0	\$0	\$0	\$0	\$0	\$130	\$0	\$0	\$130
Near-Zero Heavy Duty Trucks	CARB	\$45	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45	
Other	Consumer Awareness	GO-BIZ	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$5	
	Manufacturing Grants	CEC	\$125	\$118	\$0	\$0	\$0	\$0	\$0	\$243	
	Community-Based Plans, Projects	CARB & CalSTA	\$0	\$0	\$60	\$0	\$100	\$79	\$100	\$339	
	Emerging Opportunities	CARB	\$53	\$0	\$0	\$0	\$47	\$0	\$0	\$0	\$100
		CEC	\$47	\$0	\$0	\$0	\$46	\$0	\$0	\$0	\$93
	Charter Boats Compliance	CARB	\$0	\$60	\$0	\$0	\$20	\$0	\$20	\$0	\$100
	Transportation Package ZEV*	CalSTA	\$407	\$77	\$77	\$77	\$76	\$76	\$0	\$0	\$790
Total			\$2,969	\$2,038	\$1,323	\$807	\$1,406	\$906	\$600	\$10,049	

Panel

This panel will feature representatives from the Department of Finance, the California Air Resources Board, the California Energy Commission, and the Legislative Analyst’s Office.

LAO Comments

Zero-Emission Vehicles

Recent Budget Agreements Included \$10 Billion Over Several Years for ZEV Programs. The 2021-22 and 2022-23 budgets included plans to provide a combined \$10 billion over several years to different departments for a collection of activities intended to promote statewide adoption of ZEVs. Of this initial funding plan, the majority of support was from the General Fund (\$6.3 billion), but also included \$1.6 billion from Proposition 98 General Fund, \$1.3 billion from GGRF, and about \$700 million combined from federal and other special state funds. As shown in Figure 6, funded activities included programs for both light- and heavy-duty vehicles, such as vehicle purchase incentives and projects to expand the state’s vehicle charging network.

Figure 6 Governor’s Proposed Changes to ZEV Package
General Fund Unless Otherwise Noted (In Millions)

Program	Dept.	Original Multiyear Total ^a	Revised Multiyear Total ^b	Proposed Reductions	Proposed Multiyear Total
School buses and infrastructure	CARB	\$1,525 ^c	\$1,390 ^c	—	\$1,390 ^c
	CEC	425 ^c	410 ^c	—	410 ^c
Clean trucks, buses, off-road equipment	CARB	1,100	1,100	—	1,100
	CEC	670 ^d	670 ^d	— ^{f,g}	670 ^d
ZEV fueling infrastructure grants	CEC	870	870 ^d	— ^{f,g}	870 ^d
Transportation package ZEV	CalSTA	790 ^e	790 ^e	—	790 ^e
Clean Cars 4 All	CARB	656 ^d	656	— ^f	656 ^d
Clean Vehicle Rebate Project	CARB	525	525	—	525
Drayage trucks and infrastructure	CEC	500	500 ^d	— ^f	500 ^d
	CARB	445	445 ^d	— ^{f,g}	445 ^d
Sustainable community plans and strategies	CARB/CalSTA	339	339 ^d	— ^f	339 ^d
Equitable At-Home Charging	CEC	300	300 ^d	— ^f	300 ^d

ZEV manufacturing grants	CEC	250	250	-\$7	243
Ports	CARB	250	185	—	185
	CEC	150	130	—	130
Transit buses and infrastructure	CARB	520	140	—	140 ^d
	CEC	230	60	— ^g	60
Emerging opportunities	CARB	100	100	—	100
	CEC	100	100	-7	93
Charter boats compliance	CARB	100 ^d	100	— ^f	100
Near-zero heavy duty trucks	CARB	45	45	—	45
Drayage trucks and infrastructure pilot	CARB	40	40	-14	26
	CEC	25	25	-9	16
ZEV consumer awareness	GO-BIZ	5	5	—	5
Hydrogen infrastructure	CEC	60	—	—	—
Flexible ZEV transit capital program	CalSTA	—	910 ^{d,h}	—	910 ^d
Total		\$10,020	\$10,085^h	-\$38	\$10,047

^aBased on 2021-22 and 2022-23 budget agreements.

^bBased on 2023-24 budget agreement.

^cIncludes Proposition 98 General Fund.

^dIncludes Greenhouse Gas Reduction Fund (GGRF).

^eIncludes federal funds.

^fDelays to 2027-28.

^gFund shift to GGRF.

^hThe 2023-24 budget agreement made \$845 million in program reductions and added \$910 million across four years for a new flexible ZEV transit program.

Note: Totals may not add due to rounding

ZEV = zero-emission vehicle; CARB = California Air Resources Board; CEC = California Energy Commission; CalSTA = California State Transportation Agency; and GO-Biz = Governor’s Office of Infrastructure and Economic Development

The 2023-24 budget agreement made some changes to this original package in light of the evolving General Fund condition. Specifically, it reduced multiyear funding for several programs by a total of \$845 million. This included reducing \$550 million for transit buses and infrastructure, \$150 million for school buses and infrastructure, and \$85 million for ports. However, the current-year agreement also added money for a new flexible ZEV transit capital program that provides formula funding to transit agencies which they can use to support zero-emission buses and related infrastructure and/or to cover their operating expenses. This program is funded with GGRF and intended to provide \$910 million over four years, thereby more than offsetting the reductions in terms of total multiyear planned ZEV spending. To achieve General Fund savings, the 2023-24 budget package also included a number of fund shifts to use GGRF revenues in

place of some planned General Fund (including for out-year expenditures) and delayed certain intended spending to 2026-27.

Governor's Proposal: Reduces \$38 Million, Delays \$600 Million, and Shifts \$475 Million to GGRF. As shown in Figure 6, the Governor's budget proposes to reduce net multiyear spending for ZEV activities by \$38 million relative to the 2023-24 budget package. The proposal also includes delays and fund shifts. Specifically:

- **Modest Reductions to Four Programs (\$38 Million).** The budget makes reductions to the following programs: California Energy Commission (CEC) ZEV manufacturing grants (\$7 million), CEC emerging opportunities (\$7 million), and the California Air Resources Board (CARB) and CEC drayage trucks and infrastructure pilot projects (\$14 million and \$9 million, respectively).
- **Funding Delays (\$600 Million).** The Governor proposes delaying a total of \$600 million in planned expenditures from GGRF for seven programs from 2024-25 to 2027-28. (This delay has the net effect of freeing up \$600 million in GGRF funds in the budget year, which the Governor then uses to backfill General Fund reductions for other programs. The proposal also would commit a like amount of GGRF in 2027-28 for the delayed expenditures.) The affected programs are:
 - CEC ZEV fueling infrastructure grants (\$120 million);
 - CEC clean trucks, buses, and off-road equipment (\$137 million);
 - Clean Cars 4 All (\$45 million);
 - CEC and CARB drayage trucks and infrastructure (\$50 million and \$48 million, respectively);
 - CARB sustainable community plans and strategies (\$100 million);
 - CEC Equitable At-Home Charging (\$80 million);
 - and CARB charter boats compliance (\$20 million).

The administration notes that prior-year funding is available for most of these programs to meet applicant demand in the interim.

- **Current-Year Shift to GGRF (\$475 Million, Early Action).** The budget proposes shifting \$475 million of current-year ZEV expenditures from General Fund to GGRF for the following programs:
 - ZEV fueling infrastructure grants (\$219 million);
 - drayage trucks and infrastructure (\$157 million);
 - transit buses and infrastructure (\$29 million);
 - and clean trucks, buses, and off-road equipment (\$71 million).

This proposed change is enabled by higher-than-projected cap-and-trade auction revenues materializing in the current year. The Governor is requesting that the Legislature take early action to effectuate this fund shift so that programs can proceed with making grant awards this spring.

LAO Comments: Legislature Could Consider Alternative and/or Additional Reductions. While there is significant unspent funding planned for the budget year and out-years in the ZEV package, most of this funding is from GGRF. Consequently, making reductions would not automatically generate General Fund savings. However, the Legislature could achieve further budget solution if it were to reduce GGRF spending on ZEV activities, make additional General Fund reductions elsewhere, then redirect the freed-up GGRF to backfill those other priorities. Based on available data on remaining funds, the Legislature could consider reducing the following:

- **School Bus and Infrastructure (About \$1 Billion in Proposition 98 General Fund).** The 2022-23 budget package established a new program to fund zero-emission school buses and related infrastructure administered by CARB and CEC. The Legislature previously approved \$500 million of Proposition 98 General Fund to fund the first round of grants and adopted intent language to allocate additional funding in the future. The Governor's budget provides an additional \$500 million of Proposition 98 General Fund for a second round of grants in 2024-25. The administration has indicated it is in the process of, but has not yet allocated, the original grant funding. With this in mind, the LAO recommends the Legislature: (1) consider reverting the prior funding (about \$500 million) to achieve General Fund savings, and (2) reject the new \$500 million proposed in the budget year. For more information about the school bus spending, please see the report, *The 2024-25 Budget: Proposition 98 K-12 Education Analysis*.
- **Buses and Off-Road Equipment (At Least \$249 Million).** CARB has used its appropriations for this category of activities to fund its Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program. Expenditure data suggest \$249 million of the GGRF previously appropriated for this program is unspent and could be reverted and redirected to achieve General Fund savings elsewhere. CEC also received funding in this category but the administration had not provided data on CEC's expenditures as of this writing.
- **Charter Boats Compliance (\$60 Million).** CARB closed its grant solicitations for this program in December 2023 and currently is reviewing applications. Approximately \$40 million of General Fund plus \$20 million of GGRF remains in the balance. The Legislature could consider reverting this \$60 million but likely would have to take early action in order to capture the savings as CARB is in the process of preparing to award the funds.
- **Emerging Opportunities (\$47 Million).** CARB is using this funding for ZEV technology demonstration projects. Of the \$53 million General Fund originally allocated, \$47 million remains in the program's balance and could be reverted for General Fund savings.
- **CEC ZEV Program Funding (Unknown, Potentially Several Hundreds of Millions of Dollars).** Updated information on CEC's ZEV package expenditures was not available at the time of this writing. Based on historical CEC ZEV spending time lines, the LAO suspects that several hundreds of millions dollars of unspent funding could be available. The LAO will provide more information to the Legislature after the LAO receives this data from the administration.

Staff Comments

Staff notes that the \$500 million for school buses proposed in 2024-2025 is Proposition 98 funding and thus the purview of Assembly Budget Subcommittee No. 3 on Education Finance.

Staff also notes that the \$38 million that was proposed for cuts was already adopted in Early Action.

Staff notes that the \$10 billion Zero-Emission Vehicle (ZEV) package has been extended from a 5 year package to a 7 year package over the past two years, with \$807 million proposed in 2024-2025, but only for transit buses, school buses, and federal infrastructure dollars. While historically large amounts were appropriated in 2021 and 2022, which can roughly sustain demand through this year, the future years of the ZEV package are not evenly allocated and staff believes the future year appropriations should be reconsidered in future years. For example, popular programs like Clean Cars For All would see no funding for 3 years and then see \$45 million.

Members of this subcommittee may wish to opine on:

- The appropriate level of funding for charging (including public and at home) versus vehicle incentives including by vehicle class (passenger and medium/heavy duty) and equity investments.
- The total amount of funding this year.
- Comfortability with future year appropriations.

Staff notes that some stakeholders have requested that the Legislature redirect funding from the various income limited equity programs at CARB to the Clean Cars For All program. The Clean Cars For All program allows low income Californians to trade in (and retire) a car older than 15 years old for a new or used ZEV or hybrid. The Financing Assistance program also provides rebates for new or used ZEVs or hybrids, but does not require the retirement of an older car (which provides a lower rebate). Staff notes that CARB has the authority to redirect these funds and from 2021-2023 CARB has allocated \$ 348 million to the Clean Cars For All program (\$209 million for district based programs and \$139 million for the statewide program) and \$117.5 million to the Financing Assistance program. Members of this subcommittee may wish to opine on their desire to redirect funds from the Financing Assistance program that does not require an older model car to trade in to the Clean Cars For All program that does require a car retirement.

Members of this subcommittee may also wish to ask:

CARB

- When do you expect the statewide Clean Cars for All and Financing Assistance Program to open for applications?

- How are these programs different than in previous years?
- When do you anticipate the low income e-bike program, which was funded in 2021 to open for applications?
- What are you doing to ensure reliability of electric vehicle charging stations and hydrogen refueling stations that are approved by CARB?

CEC

- What are you doing to ensure reliability of electric vehicle charging stations and hydrogen refueling stations?
- Are you planning to create a hydrogen highway, especially for heavy duty vehicles? If so, what highways/ports will this connect?
- When do you anticipate the next AB 126 hydrogen solicitation will be?
 - Will you allow this funding for medium/heavy duty sectors and if so, will you be funding hydrogen stations along freight corridors?

Staff Recommendation: Hold Open.

Various

Issue 2: Greenhouse Gas Reduction Fund Spending Plan

The Governor’s Budget requests to spend \$557 million of realized Greenhouse Gas Reduction Fund (GGRF) revenues in the 2023-2024 fiscal year to backfill General Fund appropriations and a total 2024-2025 discretionary spending plan of \$1.721 billion, of which \$1.2 billion is fund shifts from General Fund commitments.

This includes:

Discretionary Cap and Trade Funding in 2024 Governor's Budget
(Dollars in Millions)*

Department	Program	2023-24 ¹	2024-25
Air Resources Board	AB 617 - Community Air Protection		\$195
	AB 617 - Local Air District Implementation		\$50
	AB 617 - Technical Assistance Grants		\$5
Secretary of Transportation	Transit (ZEV Package)		\$230
	Transit Inter-City Rail Capital Program and Other Transportation (Fund Shift)		\$791
Energy Resources Conservation and Development Commission	Zero Emission Vehicle Package - ZEV Fueling Infrastructure Grants (Fund Shift)	\$219	
	Zero Emission Vehicle Package - Drayage Trucks & Infrastructure (Fund Shift)	\$157	
	Zero Emission Vehicle Package - Transit Buses & Infrastructure (Fund Shift)	\$29	
	Zero Emission Vehicle Package Investment Delay - Clean Trucks, Buses, and Off-Road Equipment (Fund Shift)	\$71	
	Energy Package - Equitable Building Decarbonization (Fund Shift)		\$87
	Energy Package - Incentives for Long Duration Storage (Fund Shift)		\$57
	Department of Forestry and Fire Protection	Fire Prevention Grants (Fund Shift)	\$82
	Wildfire Package - Unit Fire Prevention Projects (Fund Shift)		\$26
Department of Food and Agriculture	Livestock Methane Reduction (Fund Shift)		\$24
	Water and Drought Resilience Package - State Water Efficiency and Enhancement Program (Fund Shift)		\$21
California Natural Resources Agency	Extreme Heat Package - Urban Greening/Urban Forestry (Fund Shift)		\$24
	Coastal Resilience Package - Ocean Protection/SB 1 Implementation (Fund Shift)		\$37
Department of Conservation	Wildfire Package - Regional Forest & Fire Capacity (Fund Shift)		\$20
	Climate Jobs Package - Oil Well Plug and Abandonment (Fund Shift)		\$50
Strategic Growth Council	Extreme Heat Package - Extreme Heat and Community Resilience Program (Fund Shift)		\$70
Various	Wildfire Package - Stewardship of State-Owned Lands (Fund Shift)		\$35
Total		\$557	\$1,721

*Does not include baseline support items for various departments.

¹Previously funded by General Fund now being shifted to GGRF as part of solutions.

Panel

This panel will feature representatives from the Department of Finance and the Legislative Analyst's Office.

LAO Comments**Summary**

The Governor proposes a roughly \$2.3 billion discretionary cap-and-trade expenditure plan. The plan would dedicate most of this funding for fund shifts to backfill General Fund reductions, including \$557 million proposed for early action in the current year. The proposal also includes an intention to commit a significant amount of out-year Greenhouse Gas Reduction Fund (GGRF) revenues to backfill future spending for activities related to zero-emission vehicles (ZEVs) that previous budget agreements had initially planned to provide from the General Fund. The LAO finds the Governor's overall approach of using GGRF primarily to achieve General Fund solutions to be sensible, but the Legislature ultimately could choose a different package of programs to protect. Moreover, if the General Fund condition continues to deteriorate and the Legislature has to consider making ongoing reductions to base programs, it may want to consider using GGRF to preserve more urgent and ongoing needs rather than backfilling spending for one-time discretionary activities. The LAO recommends the Legislature adopt a GGRF spending plan that reflects its priorities and maximizes General Fund savings. The LAO also recommends the Legislature minimize its out-year GGRF commitments. Retaining its traditional flexibility over these future funds will leave the Legislature better positioned to respond should other priorities emerge, especially in light of projected General Fund deficits over the next couple of years. While the LAO believes more GGRF revenues ultimately might be available for discretionary expenditures in 2024-25, considerable uncertainty exists around these estimates. With this uncertainty in mind, the LAO recommends the Legislature continue to closely monitor quarterly cap-and-trade auctions to assess how revenues are materializing and set its annual GGRF spending levels accordingly for both the budget year and future years. For 2024-25, this could mean spending at somewhat higher levels than proposed by the Governor, but as the potential for volatility grows in the out-years, a more conservative spending approach in the future could be prudent.

Background

Cap-and-Trade Auction Revenue. Revenues from quarterly cap-and-trade auctions are deposited into GGRF and the funds generally are allocated to climate-related programs. Over the past three years, individual quarterly auctions have generated an average of \$1.1 billion in revenue, with annual amounts averaging \$4.2 billion. Under current law, about 65 percent of auction revenue is continuously appropriated to certain projects and programs, including for the state's high-speed rail project, affordable housing, transit, and safe drinking water. In addition, \$200 million is continuously appropriated each year for forest health and wildfire prevention activities. The remaining revenue is available for appropriation by the Legislature through the

annual budget for other ongoing funding commitments (such as state administrative costs and statutory transfers) as well as discretionary spending priorities.

Governor’s Proposal

Proposes \$2.3 Billion in Discretionary Spending. The Governor assumes the state will have about \$5.1 billion in GGRF monies available to spend in 2024-25. This total includes: (1) unallocated revenues from higher-than-anticipated proceeds the state received in the August 2023 auction; (2) short-term investment proceeds earned on prior-year funds before they were spent; and (3) anticipated revenues from 2024-25 auctions and investment earnings. Of this amount, as shown in Figure 1, the proposal commits \$2.5 billion for continuous appropriations; \$2.3 billion for discretionary spending; and \$284 million for other existing commitments, including baseline operations.

Figure 1

Governor’s Proposed 2024-25 Cap-and-Trade Spending Plan

(In Millions)

	Department	Funding
Continuous Appropriations		\$2,518
High-speed rail project	HSRA	\$912
Affordable Housing and Sustainable Communities	SGC	729
TIRCP- Transit and Intercity Rail Capital Program	CalSTA	365
Healthy and resilient forests	CalFire	200
Low Carbon Transit Operations Program	CARB	182
Safe and Affordable Drinking Water Program	SWRCB	130
Other Existing Commitments		\$284
Baseline Operations	Various	\$100
Manufacturing tax credit	N/A	97
State Responsibility Area fee backfill	CalFire	87
Discretionary Appropriations		\$2,279
Early Action Fund Shifts (2023-24)		\$557
ZEV fueling infrastructure grants (ZEV package)	CEC	\$219
Drayage trucks and infrastructure (ZEV package)	CEC	157
Fire prevention grants	CalFire	81

Clean trucks, buses, off-road equipment (ZEV package)	CEC	71
Transit buses and infrastructure (ZEV package)	CEC	29
Budget-Year Fund Shifts (2024-25)		\$1,242
TIRCP and other transportation programs	CalSTA	\$791
Energy package activities	CEC	144
Extreme heat package activities	CNRA/SGC	94
Wildfire package activities	Various	81
Oil well plug and abandonment	DOC	50
Coastal resilience package activities	CNRA	37
Livestock methane reduction program	CDFA	24
Water and drought package activities	CDFA	21
Other Discretionary Spending		\$480
AB 617	CARB	\$250
Zero-Emission Transit Capital Program	CalSTA	230
Total		\$5,081

HSRA = High Speed Rail Authority; SGC = Strategic Growth Council; TIRCP = Transit and Intercity Rail Capital Program; CalSTA = California State Transportation Agency; CalFire = California Department of Forestry and Fire Prevention; CARB = California Air Resources Board; SWRCB = State Water Resources Control Board; N/A = not available; ZEV = zero-emission vehicle; CEC = California Energy Commission; CNRA = California Natural Resources Agency; DOC = Department of Conservation; CDFA = California Department of Food and Agriculture; and AB 617 = Assembly Bill 617 Community Air Protection Program.

Includes \$557 Million Proposed for Early Action, Primarily for ZEV Activities. The budget proposes spending \$557 million of available GGRF revenues in 2023-24, primarily for activities included in the multiyear ZEV package that was part of recent budget agreements.

The Governor proposes that the Legislature take early action and use these funds to achieve current-year General Fund savings through the following fund shifts:

- **ZEV Activities (\$476 Million).** The Governor proposes shifting current-year funding from the General Fund to GGRF for four programs adopted as part of the ZEV package in recent budgets, all administered by the California Energy Commission (CEC):
 - ZEV fueling infrastructure grants (\$219 million);
 - drayage trucks and infrastructure (\$157 million);
 - clean trucks, buses, and off-road equipment (\$71 million);
 - and transit buses and infrastructure (\$29 million).

The administration has directed CEC to pause its spending of authorized General Fund for these programs to avoid eroding these potential current-year savings.

- **California Department of Forestry and Fire Protection Fire Prevention Grants (\$81 Million).** The budget also would reduce General Fund and instead provide GGRF for the fire prevention grants program, which both aims to reduce the risk of wildfires to homes and communities and reduce carbon emissions from forest fires.

Uses Discretionary Funds Primarily to Swap Out Planned General Fund Spending. As shown in Figure 1, similar to the proposed current-year fund swaps, the Governor uses most of the remaining discretionary spending (\$1.2 billion) to backfill General Fund reductions in 2024-25 for various programs, including those related to transportation as well as activities included in a number of climate budget packages. (These are discussed in the following publications, [The 2024-25 Budget: Crafting Climate, Resources, and Environmental Budget Solutions](#) and [The 2024-25 Budget: Transportation Budget Solutions](#).) The two main exceptions to this approach are \$250 million for the AB 617 Community Air Protection program and \$230 million for the Zero-Emission Transit Capital Program administered by the California State Transportation Agency. The former is a program initiated through Chapter 136 of 2017 (AB 617, C. Garcia) to monitor and reduce air pollution in vulnerable communities. This program has received regular support from GGRF over the past several years. The latter is a new program initiated in the 2023-24 budget intended to provide four years of formula funding to transit agencies which they can use to support zero-emission buses and related infrastructure and/or to cover their operating expenses.

Delays \$600 Million in Planned GGRF Funding. The Governor proposes to delay \$600 million in planned GGRF spending for the ZEV package from 2024-25 to 2027-28. This delay frees up this funding in 2024-25, making an additional \$600 million available for achieving budget solutions through other General Fund reductions and backfills. This \$600 million is part of the \$2.3 billion in resources used for discretionary spending.

Commits \$3.5 Billion in Out-Year GGRF. Reflecting actions agreed to as part of the 2023-24 budget package, the Governor's proposal commits out-year discretionary GGRF for various programs. Specifically, as shown in Figure 2 and consistent with the 2023-24 budget agreement with the Legislature, the Governor's proposal includes intent to commit funding annually for the ZEV package and the Zero-Emission Transit Capital Program from 2025-26 through 2026-27. The figure also shows the new \$600 million the Governor is proposing to provide for ZEV programs in 2027-28 (reflecting the proposed delay from the budget year) as well as a new proposed intention to provide annual appropriations of \$250 million for the AB 617 program through 2029-30.

Figure 2

Governor’s Proposed Out-Year GGRF Commitments

(In Millions)

Program	Dept.	2025-26	2026-27	2027-28	2028-29	2029-30	Totals
AB 617	CARB	\$250	\$250	\$250	\$250	\$250	\$1,250
ZEV package	CARB	215	301	213	—	—	729
	CEC	385	299	387	—	—	1,071
Zero-Emission Transit Capital	CalSTA	230	230	—	—	—	460
Totals		\$1,080	\$1,080	\$850	\$250	\$250	\$3,510

GGRF = Greenhouse Gas Reduction Fund; AB 617 = Assembly Bill 617 Community Air Protection Program; CARB = California Air Resources Board; ZEV = zero-emission vehicle; CEC = California Energy Commission; and CalSTA = California State Transportation Agency.

Assessment

Use of GGRF to Achieve General Fund Savings Has Merit, but Legislature Could Choose an Alternative Mix. Given the General Fund deficit, the Governor’s proposal to use most discretionary GGRF to achieve General Fund savings and sustain some program activities makes sense. However, the Legislature could adopt this same strategy in a somewhat different way to align with its priorities. Specifically, it could achieve the same amount of savings as the Governor through directing GGRF funds to backfill a different mix of General Fund reductions. For example, the Governor proposes using a total of \$1.8 billion from GGRF to backfill essentially *all* the proposed General Fund reductions to the ZEV package across the next three years, but only \$37 million in 2024-25 to sustain a mere 8 percent of the proposed reductions to certain coastal resilience activities that had been included in previous budget agreements. Based on its highest priorities, the Legislature could choose a different allocation. The Legislature has flexibility around how it is able to direct GGRF revenues because the program was authorized in a way that is akin to a tax, meaning the funds can legally be used for broad purposes. Moreover, if the General Fund condition continues to deteriorate and the Legislature has to consider making ongoing reductions to base programs, it may want to prioritize GGRF monies differently. Specifically, the Legislature may need to consider using these funds to preserve more urgent and ongoing needs rather than backfilling spending for one-time discretionary activities.

Extensive Reliance on Out-Year GGRF Makes Assumptions About Future State Priorities and Revenues. While the state dedicates a share of annual GGRF revenues to recurring ongoing activities (such as the high-speed rail project, sustainable housing and transit programs, and activities to improve drinking water quality and availability), it generally has maintained about 35 percent for discretionary spending decisions agreed upon by the Legislature and Governor as part of each year’s budget negotiations. The 2023-24 budget package broke with historical practice somewhat by including plans to dedicate a notable share of out-year discretionary

GGRF revenues for specific purposes rather than deferring that decision to future legislative and administration negotiations, including \$600 million annually for three years beginning in 2024-25 to backfill General Fund reductions within the ZEV package. As noted above, the Governor's proposal includes \$3.5 billion in out-year GGRF discretionary spending commitments. While this approach allows the state to maintain long-term intended ZEV spending plans and save General Fund, it does raise two key concerns:

- **Limits Legislative Flexibility to Respond to Potential Changes in Out-Year Priorities.** Given the projected budget deficits in the coming years, the Legislature could face some very difficult choices around its expenditures—including a potential need to reduce General Fund support for core ongoing programs. In such a case, the Legislature could find that it has higher priorities for GGRF revenues than sustaining planned one-time program expansions. While nothing precludes it from revisiting these spending intentions in a future year, leaving them in its multiyear spending plan for now could set unrealistic expectations and make redirecting the funds in the coming years more challenging. In contrast, holding off on making spending commitments until it has more information about the budget situation it faces in each given fiscal year would preserve more flexibility for the Legislature to target available discretionary GGRF funds to its pressing and emerging priorities.
- **Uncertainty Around Future Revenues.** As discussed below, considerable uncertainty exists around how much GGRF revenue will be available in future years. A precipitous drop in these revenues could jeopardize not only planned out-year ZEV and Zero-Emission Transit Capital Program spending but also other longstanding state priorities for which the state has historically relied upon this funding source—raising further questions about the wisdom of committing these additional funds so many years in advance.

Legislature Could Revisit Existing Statutory Commitments if Its Priorities Have Changed. Besides revisiting whether it wants to maintain out-year, limited-term discretionary commitments for ZEV activities and other programs, the Legislature also could reconsider the degree to which both current continuous appropriations (which receive about 65 percent of total GGRF revenues) and ongoing discretionary spending commitments continue to be consistent with its current priorities. Most of the continuous appropriations were established as part of the 2014-15 budget, and legislative priorities may have changed over the last decade. Particularly in the context of the General Fund deficit and proposed spending reductions to other programs, the Legislature can consider all GGRF expenditures “on the table” and within its purview for reevaluation and potential modification.

Administration's New Revenue Estimate Methodology Less Conservative, Likely More Accurate. As part of developing its annual budget proposal, each year the Department of Finance (DOF) estimates how much revenue it believes will be generated for GGRF at cap-and-trade auctions in the coming fiscal year. This estimate forms the basis for the Governor's annual GGRF spending plan. DOF recently changed the methodology it uses to calculate this projection. Prior to spring 2023, the administration based its estimates on an assumption that all cap-and-trade allowances would sell at the auction floor price. This

methodology resulted in DOF regularly underestimating revenues quite notably, as allowances have sold well above the floor price for the last several years. (In contrast, the LAO historically has developed cap-and-trade revenue estimates based on an assumption of stable allowance prices. In recent years, this approach has led the LAO's projections of annual discretionary GGRF revenues to exceed the Governor's by several hundreds of millions of dollars—and also has resulted in the LAO's estimates more closely aligning with actual auction results, as compared to the administration's projections.) DOF's new approach uses an average of actual allowance prices from auctions that occurred in the previous calendar year. For 2024-25, this new approach has resulted in the administration basing its spending plan on higher estimates compared to its previous practice. The LAO believes DOF's new approach is likely to yield more accurate revenue predictions.

More GGRF Could Be Available for Discretionary Spending, but Projections Carry Considerable Uncertainty. Even with DOF's new approach, the LAO believes the administration still could be underestimating the amount of GGRF revenue that cap-and-trade auctions will generate in 2024-25. The LAO's conclusion is based on recent auction trends, in which allowance prices have been trending upward (as of this writing). Should these trends continue, the state could have additional GGRF to spend in both the current and budget years compared to the Governor's proposal—perhaps including several hundreds of millions of dollars more for discretionary spending. However, considerable uncertainty exists around these estimates. The Legislature will be able to incorporate additional information from the February and May 2024 auctions before it needs to make its final budget decisions for 2024-25.

Increasing Degree of Uncertainty Around Revenues. A couple of factors may contribute to more volatility than usual for cap-and-trade revenues over the next several years. The Legislature may want to keep these uncertainties in mind as it makes its GGRF budgeting decisions for 2024-25 and in the coming years.

- ***California Air Resources Board (CARB) Considering Cap-and-Trade Program Changes.*** CARB is in the process of considering amendments to the cap-and-trade program that would influence allowance prices. These include potential changes to the emissions cap, the number of allowances the state makes available, and the allocation of those allowances. Scenarios that CARB has presented suggest allowance auction prices will increase, which likely would mean more revenues for GGRF. However, the way in which CARB makes changes to its allocation of allowances (such as modifying the mix of allowances given away for free to certain industries like utilities versus the number sold at the state-run auctions) ultimately will determine the impacts on prices and state revenues.
- ***2030 Expiration.*** Before the Legislature last extended the statutory authorization for the cap-and-trade program in 2018, revenues from GGRF began to decline due to investor uncertainty about the status of the program. Should considerable uncertainty about the fate of the program exist as its next statutory end-date approaches (2030), a similar change in revenue trends could reemerge. Such volatility related to reauthorization questions is not likely to be a significant risk this year, but could develop over the next several years closer to 2030.

Recommendations

Adopt GGRF Spending Plan That Focuses on Legislative Priorities and Maximizes General Fund Solutions. The LAO recommends the Legislature adopt the Governor's overall strategy of using GGRF to help backfill General Fund reductions for certain programs. This approach allows the state to achieve necessary budget savings while continuing important activities. However, the LAO recommends the Legislature adopt a GGRF spending package that ultimately preserves funding for its highest-priority activities, which may represent a different mix from that proposed by the Governor. For example, instead of prioritizing GGRF to sustain nearly all of the original intended funding for ZEV activities, the Legislature could redirect some of those funds to protect some additional funding for other program areas proposed for deeper reductions, especially given the significant amount of federal funds available for ZEVs. Depending on how quickly and severely the General Fund condition worsens, the Legislature also could consider using GGRF to backfill General Fund reductions to core ongoing programs rather than to sustain discretionary one-time climate and environment spending. In addition, the Legislature could consider revisiting GGRF continuous appropriations and ongoing spending commitments, most of which were established in 2014-15. The Legislature's highest priorities may now be different.

Minimize Out-Year GGRF Commitments. The state faces considerable uncertainty about future GGRF revenues due to the factors mentioned above. In addition, committing out-year GGRF funds, while useful to provide some assurance regarding future programs, limits legislative flexibility over the use of these funds in upcoming years should other priorities emerge. This is especially important in this fiscal environment, where the budget situation is expected to be difficult for the next few years. As such, the LAO recommends that—for now—the Legislature consider both reducing planned out-year GGRF funding that has not yet been appropriated, and reducing rather than delaying GGRF expenditures and revisiting them in a future year when it has a better sense of its available fiscal resources and highest spending priorities. This would help avoid creating spending expectations that the state may not be able to fulfill.

Monitor Auctions and Adopt Spending Levels That Reflect Evolving Revenue Trends. Given the growing uncertainty around cap-and-trade revenues, the LAO recommends that the Legislature continue to closely monitor quarterly auctions to assess how revenues are materializing and set its annual GGRF spending levels accordingly. For 2024-25, this will mean incorporating the results of the February and May 2024 auctions. (The results from February were not yet available at the time of this writing.) If allowance prices continue to trend upward at that point, the Legislature could have some additional comfort in potentially adopting a plan that spends at a slightly higher level than the Governor's proposal. For future years, the Legislature may want to adopt a more conservative approach with its GGRF spending assumptions, given the growing uncertainty around allowance prices and potential for revenue volatility. As discussed above, avoiding making significant out-year GGRF commitments is another tool that can help preserve legislative flexibility to respond to unknown and evolving future revenue trends.

Staff Comments

The early action package adopted the Governor's proposed GGRF fund shift totals (\$557 million in 2023-2024 and \$1.2 billion in 2024-2025) without specification for which items would be funded.

Many of the items in this package have already been heard in this subcommittee. The only unheard items are AB 617 and ZEV package items.

Staff notes that future year commitments and fund shifts adopted or proposed in the past three budget cycles have likely appropriated the bulk of the discretionary GGRF budget through 2027-2028, unless credit values continue to increase.

The current Cap-and-Trade program is set to sunset on January 1, 2031, with the last compliance period starting in 2027. If the past is determinant of the future, the State can expect to see auction revenues significantly dip starting around 2027 if the program is not statutorily extended, which is what was observed in 2017 regarding the 2021 sunset.

The GGRF discretionary spending plan total is an assumption of future year revenues (based on previous year auction revenues). In recent years, actual revenues have far outpaced the spending authorized in the budget. This excess funding then accrues interest and results in higher spending in the next year's budget. If the budget authorizes more spending than actual revenue, the budget contains a provision to withhold 25% of appropriated amounts per discretionary program until the last auction and if revenues are lower than appropriated, all programs are proportionately reduced. This occurred in 2020 and programs were reduced 14%.

Staff notes that the \$200 million annually for wildfire prevention activities ends in 2028-2029.

Staff notes that LAO estimates that February 2024 auction came in \$99 million above the Governor's discretionary budget assumptions, but the next three auctions (that make up the 24-25 GGRF revenues) are unpredictable.

Staff Recommendation: Hold Open.

3900 California Air Resources Board

Issue 3: Southern California Headquarters Building Operations & Maintenance Contract

The Governor's Budget requests \$149,000 for 1.0 permanent position and contract funding to renew CARB's current Southern Headquarters Building Management Contract: \$6.1 million in 2024-25, \$9.0 million in 2025-26, and \$9.4 million in 2026-27 and ongoing.

Panel

This panel will feature representatives from the Department of Finance, the California Air Resources Board, and the Legislative Analyst's Office.

Staff Comments

This subcommittee may wish to ask:

- Given that this building is already built and in use, why did CARB not predict these costs in the original approval or work with DGS to hire appropriate staff?
- Were DGS staffing costs already included in previous approvals and is this roughly \$9.4 million more than that?
- What specifically about this contract is so specialized that DGS cannot perform the work? The BCP only mentions cleaning solar panels to maintain a warranty and certification for Zero-Net Energy.
- What does the ZNE certification entail and why is it worth \$9 million a year?

Non Climate Package Appropriations

Staff also notes that the following one-time, discretionary appropriations were made in past years' budgets outside of the climate package. Members of this subcommittee may wish to consider asking questions regarding implementation status and could consider cutting these appropriations to help address the deficit to the extent that funds remain.

2021-22

- \$320 million for AB 617.
- \$30 million for zero-emission landscaping equipment.
- \$5 million for woodstove replacement.
- \$170 million for agricultural diesel engine replacements (FARMER).

2022-23

- \$310 million for AB 617.

- \$105 million for methane satellites.
- \$30 million for mobile air monitoring.
- \$10 million for high global warming potential refrigerants.
- \$5 million for woodstove replacements.

2023-24

- \$75 million for FARMER.
- \$250 million for AB 617.

Staff Recommendation: Hold Open.

Non-Presentation Items

3900 California Air Resources Board

Issue 1: Advanced Clean Cars II ZEV Regulation Reporting Tool

The Governor's Budget requests 1.0 Information Technology Specialist II permanent position for \$185,000 and \$1,142,000 in contract funds from the Cost of Implementation Account (COIA) to develop and maintain a reporting tool to track compliance with California Code of Regulations, §1962.4 Zero-Emission Vehicle Requirements for 2026 and Subsequent Model Year Passenger Cars and Light-Duty Trucks.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 2: California Environmental Protection Agency (CalEPA) Bond and Technical Adjustments

The Governor's Budget requests an increase in local assistance expenditure authority for Air Quality Improvement Funds (AQIF) in the amount of \$6.3 million annually. Pursuant to Chapter 319, Statutes of 2023 (AB 126), smog abatement and other vehicular fees have been extended from January 1, 2024 to July 1, 2035, and a portion of these fees shall continue to be deposited into the Air Quality Improvement Fund for certain purposes. Demand for zero-emission programs that AQIF can fund has increased, thus exceeding current budget levels. AQIF funding has also increased annually, leading to a larger than necessary reserve in the account.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 3: CARB Position Authority Adjustments

The Governor's Budget requests a total of \$845,000 from the Air Pollution Control Fund (APCF) and \$247,000 in reimbursement authority in ongoing funding to convert 5.0 expiring limited-term positions to permanent positions. CARB is also requesting to convert 11.0 expiring limited-term positions to permanent and continue to fund them through the administrative draw from local assistance to state operations.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 4: Chrome Plating Airborne Toxic Control Measure (Chrome Plating Amendments)

The Governor's Budget requests ongoing funding of \$658,000 for 3.0 permanent Air Pollution Specialist positions funded through the Air Pollution Control Fund (APCF) to fulfill the need to implement CARB's amendments to the Chrome Plating Airborne Toxic Control Measure.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 5: In-Use Off-Road Diesel-Fueled Fleets Regulation and Enforcement

The Governor's Budget requests \$1.1 million from the Air Pollution Control Fund (APCF) for 7.0 permanent positions in 2024-25 and ongoing to implement and enforce CARB adopted amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation (Off-Road Regulation, Cal. Code Regs, title 13, §§ 2449 et seq.). This request includes 3.0 Air Pollution Specialist and 4.0 Air Resources Technician II positions, which are necessary to conduct and process an increase in fleet audits and field inspections; handle an increase in correspondence with the regulated community; process new compliance certification requests; and manage increased direct outreach and training to the regulated community.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 6: Prescribed Burning and Exceptional Events

The Governor's Budget requests 3.0 positions and \$3.8 million in ongoing funding from the Cost of Implementation Account to support the expanded use of the Exceptional Event rule (Clean Air Act, section 319b) and the extension of the Prescribed Burn Reporting and Monitoring Grant Program beyond 2023-24. The \$3.8 million is required to meet statutory requirements set forth in Senate Bill 1260 and to carry out the duties associated with the implementation of the State's Wildfire & Forest Resilience Action Plan as codified by Senate Bill 456 (Laird, Chapter 387, Statutes of 2021).

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 7: Resources to Implement More Stringent PM2.5 National Ambient Air Quality Standard

The Governor's Budget requests \$2.85 million for 12.0 full-time permanent positions in 2024-25 and ongoing, and \$1 million for one-time air measurement equipment purchases in 2024-25, and an additional \$1 million in 2025-26 and ongoing for air quality modeling computing resources (\$500,000) and research (\$500,000) to be funded from the Air Pollution Control Fund (APCF). These resources are necessary for California to meet the federal Clean Air Act requirements resulting from the U.S. Environmental Protection Agency lowering the annual PM2.5 national ambient air quality standard and to avoid federal sanctions if the requirements of the Act are not met.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

Issue 8: Support Enhanced Portable Equipment Registration Program

The Governor's Budget requests \$447,000 in ongoing funding from the Air Pollution Control Fund (APCF) for 3.0 new permanent full-time positions starting in 2024-25, with the opportunity to utilize the Portable Equipment Registration Program fees in the amount of \$444,000 annually thereafter to fund the positions.

Staff Recommendation: Absent member questions or input from the public at this hearing, staff recommends this item be approved as budgeted when the Subcommittee takes action.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 4 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Shy Forbes.