

# California State Assembly



## Agenda

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

Assemblymember Steve Bennett, Chair

Wednesday, May 22, 2024

Upon Call of the Chair – State Capitol, Room 447

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### INFORMATIONAL HEARING

1. Call to order
2. Member Comments and Questions
3. Public Comment

Assembly Budget Subcommittee #4 will conclude hearings on May 22<sup>nd</sup>, 2024 with one final opportunity for Members of the Assembly to provide input, make comments, or ask questions regarding transportation, climate, and natural resources issues in the proposed 2024 budget. This memo highlights the major issues considered by the Subcommittee as the Assembly works to finalize the details of the 2024 budget.

Given the serious budget problem the State faces, Subcommittee #4's primary charge this year was evaluating the Governor's proposed solutions to balance the budget – these solutions include reductions, delays, and fund shifts (primarily to GGRF). Including the May 22<sup>nd</sup> hearing, the Subcommittee held 10 hearings to consider budget issues this year.

### **The Budget Backdrop in Subcommittee #4**

The departments and issues under the purview of Subcommittee 4 are acutely impacted by the boom and bust cycles of California's economy – receiving historic General Fund investments when state tax revenue is high and facing deep reductions to close budget shortfalls amidst deficits.

In the 2021 and 2022 budgets, the state made unprecedented investments related to mitigating and responding to climate change and protecting and restoring natural resources and the environment. The 2021 and 2022 budgets invested \$54.3 billion into the State's climate package including \$13.8 billion for transportation, with additional dollars outside these packages.

Juxtaposing that to the 2024 budget picture, climate-related programs face serious cuts. The Governor's budget proposes \$7.2 billion in reductions, \$500 million in borrowing, a myriad of delays, and \$5.2 billion in fund shifts, mostly to the Greenhouse Gas Reduction Fund (GGRF). In the 23-24 budget, there were \$3.6 billion in reductions in Subcommittee 4. Together, if the Legislature were to approve the 24-25 reductions, total cuts in Subcommittee 4 would total \$11 billion. This does not include fund shifts, delays, or borrowing. The budget also proposes a 5 year GGRF expenditure plan.

On Wednesday, May 15, the Subcommittee heard these solutions. The Subcommittee has had less than a week to grapple with the details of the May Revision and hear from stakeholders so far, so this memo and the Wednesday, May 22<sup>nd</sup> hearing offer another opportunity to help the Assembly set its course for the budget in this policy area.

### **Reductions, Delays, and Fund Shifts**

Subcommittee #4 is home to a myriad of programs that address all facets of climate. The breadth of these programs accordingly led to a wide range of reductions in the 24-25 budget. Below is a list of reductions and other proposed solutions.

**Department of Water Resources**

- Cuts \$6.75 million GF annually of \$17 million from the Forecast Informed Reservoir Operations/ Snow Surveys (adopted in early action).
- Cuts \$50 million GF of \$100 million from Dam Safety.
- Cuts \$438.4 million GF of \$494.4 million for watershed climate resilience programs within DWR and the Wildlife Conservation Board; of the \$438.4 million, \$126 million is cut from DWR (partial reduction adopted in early action).
- Cuts \$500 million GF of \$700 million for Water Storage/Water Conveyance.
- Cuts \$1.4 million GF for drought-proofing conveyance and SGMA implementation.
- Cuts \$11 million GF of \$21 million from the Emergency Water Tank Storage Program.
- Cuts \$21.6 million GF of \$75 million from the Save Our Water campaign.
- Cuts \$55 million from the Strategic Reliability Reserve (Energy).

**State Water Resources Control Board**

- Cuts \$130.7 million of \$155 million GF for PFAS Clean Up.
- Cuts \$274.4 million of \$522 million GF for Water Recycling.

**CalRecycle**

- Cuts \$6.7 million of \$8 million for the Compost Permitting Pilot Program (done in early action).

**Department of Pesticide Regulation**

- Cuts \$2.6 million of \$10 million for the Pest Notification System (done in early action).

**Department of Toxic Substances Control**

- Delays \$175 million of \$500 million for the Clean Up in Vulnerable Communities Initiative.
- Cuts \$268.5 million of \$500 million from the Toxic Cleanup in Vulnerable Communities Initiative.

**California Department of Food and Agriculture**

- Cuts \$6 million of \$15 million from the On-farm Water Use and Agriculture Technical Assistance.
- Cuts \$17.9 million of \$25 million for the California Underserved Small Producer’s Program for drought and flood relief.
- Cuts \$14.4 million of \$15 million for the Farm to Community Food Hubs Program.
- Cuts \$33.2 million of the \$35 million for the California Nutrition Incentive Program.
- Cuts \$8.5 million of \$20 million for the Healthy Refrigeration Grant Program (done in early action).
- Cuts \$23 million of \$25 million for Enteric Methane Incentives.
- Cuts \$10 million GF of \$60 million from the Farm to School Incubator Program.
- Cuts \$200,000 GF of \$10 million from the Technical Assistance Program for Underserved Farms.
- Cuts \$2.1 million GF from Fairs Resilience Grants.
- Cuts \$2.8 million GF of \$120 million from the State Water Efficiency and Enhancement Program.
- Cuts \$400,000 GF of \$16 million from the Pollinator Habitat Program.
- Cuts \$6.9 million GF from the Water Efficiency Technical Assistance Program.

**California Natural Resources Agency**

- Eliminates all \$10 million GF of for the Redondo Beach Wetlands Restoration project.
- Cuts \$35 million of \$100 million GF for Ocean Protection.
- Cuts \$25 million of \$102 million GF for Ocean Protection (SB 1 Implementation).
- Eliminates the annual appropriation of \$2 million for Marine Mammal Center.
- Cuts \$23.8 million of \$75 million from the Urban Greening Program (originally a fund shifted to GGRF in the Governor’s budget and is now cut in May Revision).
- Cuts \$18.3 million GF from the California Climate Information System.
- Cuts \$3.2 million GF from Natural and Working Lands (AB 1757) Implementation.
- Cuts \$600,000 GF from the Ocean Protection Council Data, Research, and Communications program.

**Department of Conservation**

- Cuts \$45.5 million of \$50 million from the biomass to hydrogen/ biofuels pilot program (done in early action).
- Cuts \$7 million GF from the Climate Smart Land Management Program.
- Cuts \$5.7 million from the Multi-benefit Land Repurposing Program.

**CalFire**

- Cuts \$5.3 million of \$134 million for Prescribed Fire and Hand Crews.
- Cuts \$3.6 million of \$49 million for the Forest Legacy Program (done in early action).
- Cuts \$2.9 million of \$10 million from the Interagency Forest Data Hub (done in early action).
- Cuts \$5.7 million of \$38 million from Monitoring and Research.

- Cut \$12 million of \$50 million from the Home Hardening program.
- Cuts \$12.1 million GF in 22-23 and \$4.9 million GF in 23-24 for the Alma Helitack Base, Hollister Air Attack Base, and Bear Valley Helitack Base Acquisition.
- Cuts \$300,000 GF for the California Vegetation Treatment Program.
- Cuts \$11.6 million GF for deferred maintenance.
- Cuts \$1.7 million GF of \$50 million for the Green Schoolyards program.
- Cuts \$3.2 million GF of \$555 million for the Forest Health Grant Program.
- Cuts \$300,000 GF for the Forest Inventory Analysis.
- Cuts \$4.2 million GF for the Interagency Forest Data Hub (in addition to the \$2.9 million cut in early action).
- Withdraws Governor’s Budget BCP requesting \$57.6 million one-time Public Buildings Construction Fund for the Butte Fire Center Facility Replacement.
- Shifts \$120 million for wildfire prevention from GGRF to Timber Regulation and Forest Restoration Fund (TRFRF) or AB 1492 funds.

**California Conservation Corps**

- Reverts \$300,000 GF or the unencumbered balance from the Los Padres Facility Repairs.

**Department of Parks and Recreation**

- Cuts \$12.3 million of \$154 million from the Waterway Connections Initiative.
- Cuts \$75 million of \$115 million from the Outdoor Equity Grant Program.
- Cuts \$6.7 million GF from Adapting to Sea Level Rise in State Parks.
- Cuts \$10 million GF from the Recreational Trails and Greenways Program.

**Wildlife Conservation Board**

- Cuts \$438.4 million GF of \$494.4 million for watershed climate resilience programs within DWR and the Wildlife Conservation Board; of the \$438.4 million, \$312.4 million is cut from WCB (partial reduction adopted in early action).
- Eliminates \$5 million for Resource Conservation Investments Strategies (done in early action).
- Reverts \$45 million GF in 23-24, and \$20 million annually starting in 24-25 from the Habitat Conservation Fund.

**Department of Fish and Wildlife**

- Cuts \$34.5 million GF from Stewardship of State-owned Lands (originally proposed for a GGRF fund shift in GB).

**State Coastal Conservancy**

- Cuts \$171.1 million of \$326 million for Coastal Protection and Adaptation.
- Cuts \$62.2 million of \$135 million to Adapting Infrastructure to sea-level rise.
- Cuts \$158.7 million of \$420 million for adapting to sea-level rise.

**Office of Planning and Research**

- Cuts \$110.1 million of \$175 million from the Extreme Heat and Community Resilience Program.
- Cuts \$5 million of \$25 million from Climate Adaptation and Resilience Planning Grants (done in early action).
- Cuts \$75 million of \$100 million from the Regional Climate Resilience Program.
- Cuts \$9.8 million of \$20 million for the Regional Climate Collaboratives Program (done in early action).

**Various State Conservancies**

- Cuts \$27.7 million of \$378 million for wildfire resilience project implementation in high-risk regions.

**Transportation Agency (CalSTA)**

- Cuts \$148 million from the Competitive Transit and Intercity Capital Rail Program, this cut will come from a combination of uncommitted funding for the LOSSAN (Los Angeles San Diego) Corridor and the Southern California Cycle 6 projects.
- Cuts \$350 million from the Safety Grade Separations program, which eliminates the program.
- Delays \$17.7 million from 2024-25 to 2025-26 for the Competitive Transit and Intercity Capital Rail Program.
- Delays \$680 million for the Zero Emission Transit Capital Program.
- Delays \$1 billion of the Formula based Transit and Intercity Rail Capital Program funding from 2024-2025 to 2025-2026. (Adopted in early action.)
- Delays \$100 million for the Port and Freight Infrastructure Program from 2024-2025 to 2026-2027. (Adopted in early action.)
- Cuts \$96 million from the Port of Oakland. (Adopted in early action.)

**Department of Transportation (Caltrans)**

- Cuts \$75 million from Highways to Boulevards.
- Cuts \$600 million from the Active Transportation Program of the \$1.05 billion total.
- Appropriates \$558 million from the State Highway Account (SHA) to continue replacing its aging fleet and installing zero emission vehicle (ZEV) infrastructure to meet state mandates and regulations.



- Funds \$26,298,000 ongoing from the Public Transportation Account, for the California Integrated Mobility Program (CIM) that provides mobile payment services and route planning for transit agencies.

**Department of Motor Vehicles**

- Cuts \$30.6 million from the California Commercial Drive Test Centers.
- Reverts existing design-build authority of \$41,654,000 Public Buildings Construction Fund and proposes trailer bill language to shift the San Francisco Field Office Replacement from a capital outlay project to a build-to-suit lease project.
- Appropriates \$60,268,000 from the Motor Vehicle Account to continue the DXP project, which will comprehensively replace DMV's backend Information Technology software and hardware for most of its main functions. DMV plans on beginning the vehicle registration phase of the project in 2024-25.
- Funds \$4.5 million from the General Fund (GF) in FY 2024/25, for one-time costs of \$4.3 million, and an ongoing amount of \$198,000 for one permanent position and legal workload related to AB 796. The AB 796 – California New Motor Voter Program Project will allow the DMV to modify and improve current business process flows of various customer service channels that impact multiple DMV systems, applications, and services such as: kiosks, remittance processing equipment, online customer DL/ID card applications, identity, and document management.

**California Public Utilities Commission**

- Cuts \$30 million from the Capacity Building Grant Program, thereby eliminating the program.
- Cuts \$350 million from the Residential Solar and Storage Program, leaving \$280 million.
- Cuts \$750 million from the Broadband - Loan Loss Reserve, thereby eliminating the program.
- Delays \$300 million from Broadband - Last Mile with \$100 million from 2024-25 to 2026-27 and \$200 million in 2025-26 to 2027-28.

- Broadband Equity, Access, and Deployment (BEAD)— Authorized federal funding of \$1.860 billion one-time and 31.0 permanent positions in anticipation of federal funds to implement the Broadband Equity, Access, and Deployment (BEAD) programs.

**California Energy Commission**

- Cuts \$422 million from the Equitable Building Decarbonization Program of the original \$922 million total.
- Cuts \$56.9 million General Fund in 2023-24 from Incentives for Long Duration Storage, which was proposed as a fund shift in January.
- Cuts \$63 million from Distributed Electricity Backup Assets.
- Cuts \$60 million from Hydrogen Grants of the \$100 million total.
- Cuts \$111.5 million from Demand Side Grid Support.
- Cuts \$4.1 million from Energy Data Infrastructure & Analysis.
- Cuts \$143.9 million from Fueling Infrastructure Grants (ZEV Package) for EV charging and hydrogen refueling.
- Cuts \$20 million from Equitable At-Home Charging (ZEV Package).
- Cuts \$80.8 million from Drayage Trucks & Infrastructure (ZEV Package).
- Cuts \$137.8 million from Clean Trucks, Buses and Off-Road Equipment infrastructure for EV charging and hydrogen refueling (ZEV Package).
- Cuts \$20 million for Offshore Wind Infrastructure of the \$45 million total and recasts the remaining \$25 million as follows:
  - \$3.6 million for the Ocean Protection Council:
    - \$3 million for environmental research and monitoring program (3.0 PYs)
    - \$600,000 for staffing of environmental research and monitoring program
  - \$6.8 million for the Coastal Commission:
    - \$5.3 million for implementation of SB 286 (2.0 PYs)
    - \$1.5 million for OSW call area planning and management.
  - \$5.55 million for the State Lands Commission:

- \$1.37 million for implementation of SB 286 (2.0 PYs)
  - \$3.1 million for programmatic EIR and engineering review (2.0 PYs)
  - \$0.6 million for OSW-related project lease development
  - \$0.48 for tribal consultation and outreach
  - \$6.7 million at CEC for OSW port infrastructure (existing funding)
  - \$2.3 million at CEC for OSW support
- Zero Emission Vehicle School Bus Program— Appropriates \$35 million of Proposition 98 funding to support ZEV School Bus Infrastructure Investments.
  - Cuts \$475 million from Climate Innovation Program, thereby eliminating the program. (Partially done in early action.)
  - Cuts \$40 million from Carbon Removal Innovation Program in 2023-24. (Done in early action.)
  - Cuts \$18.8 million from Food Production Investment Program in 2023-24. (Done in early action.)
  - Cuts \$22 million from Industrial Decarbonization Program in 2023-24. (Done in early action.)
  - Cuts \$6.4 million from California Electric Homes Program in 2023-24. (Done in early action.)

### **Go-Biz- IBank**

- Cuts \$225 million from the IBank Clean Energy Transmission program that would have loaned money to build a transmission line to the Salton Sea geothermal area, thereby eliminating the program.

### **California Air Resources Board**

- Loans \$300 million from the Air Pollution Control Fund to General Fund.
- Proposes trailer bill language regarding the Implementation of Climate-Related Financial Risk (SB 261) and the Climate Corporate Data Accountability Act (SB 253).
- Funds \$8.4 million for 28.0 permanent positions, including \$1.2 million in contract funds and \$500,000 in estimated litigation costs in 2024-25; \$12.3 million for 40.0 permanent

positions and \$3.2 million in contract funds in 2025-26; and \$13.9 million for 42.0 permanent positions and \$4.3 million in contract funds in 2026-27 and ongoing to implement SB 261 and SB 253. Once established, funding will be provided by two new funds.

- Zero Emission Vehicle Package – Proposition 98 School Bus Grants— Requests trailer bill language to shift funding between years for the Zero Emission Vehicle Prop 98 School Bus Grants program by increasing \$105 million in Proposition 98 General Fund and \$191,060,000 in Reimbursements in fiscal year 2024-25 and decreasing the 2025-26 commitment by \$296,060,000.

## **Major New Spending Proposals**

### ***66-Hour Work Week – CalFire***

The Governor’s budget includes \$199 million (\$197 million from the General Fund) and 338 positions in fiscal year 2024-25 to begin implementing a shift to a 66-hour workweek as contemplated in the 2022 MOU with Unit 8. The costs of the proposal would increase in the coming years as CalFire phases in the changes, rising to \$770 million (\$756 million from the General Fund) on an ongoing annual basis and 2,457 permanent positions by 2028-29.

CalFire firefighters have a different work schedule than most other state employees. To facilitate providing round-the-clock coverage, firefighters typically work—on average—four 72-hour workweeks in a 28-consecutive-day cycle. A 72-hour workweek typically consists of three consecutive 24-hour days (during which firefighters usually sleep at the station), followed by four days off. By switching from a 72-hour workweek to a 66-hour workweek, the typical schedule for a firefighter would include roughly one fewer 24-hour shift per month than is currently the case.

### ***Five Firefighter Hand Crews (May Revision Proposal)***

The Governor’s May Revision requests \$46.8 million (\$46.4 million General Fund and \$373,000 other funds) and 226 positions in 2024-25 and \$44.5 million (\$43.8 million General Fund and \$731,000 other funds) and 234 positions in 2028-29 and ongoing, phased in over five years with varying amounts in the intermediate years (see fiscal detail sheets below), to provide vegetation management, hazardous fuel reduction projects, and wildland fire suppression. This proposal provides funding to make permanent five existing temporary CAL FIRE Firefighter Hand Crews. The five Hand Crews include a mix of year-round and seasonal staff.

***Emergency Invasive Fruit Fly Response (May Revision Proposal)***

The May Revision requests one-time \$24,985,000 General Fund and \$28,786,000 Federal Trust Fund (FF) authority in Fiscal Year (FY) 2024-25 to respond to numerous unanticipated emergencies related to the infestation of invasive fruit flies (IFF). Due to the unprecedented numbers of IFF activities statewide that began in FY 2023-24, significant resources are required to prevent an irrevocable establishment of IFFs in California.

The Legislature a part of the early action deal, appropriated \$22.1 million one-time General Fund to respond to numerous unanticipated emergencies related to infestations of exotic fruit flies. Furthermore, the department has received over \$53 million from the federal government in 23-24 for this purpose. The proposed funding in May Revision would be on top of the \$75 million cumulatively the State and Federal government have appropriate in the current budget year.

***Central Valley Systemwide Flood Risk Reduction***

The Governor's budget requests \$31.3 million one-time General Fund Capital Outlay (CO) to implement continuing large-scale multi-benefit flood risk reduction projects in the Central Valley - \$22.5 million for projects in the Sacramento Valley and \$8.8 million for a project in the San Joaquin Valley. The Sacramento Valley projects include \$11 million for the completion of Yolo Bypass Fix-in-Place projects and \$11.5 million for Upper Sacramento River Basin Projects including the Kopta Slough project. The San Joaquin Valley project funding is for the Crows Landing Floodplain Restoration.

***Urban Flood Risk Reduction***

The Governor's budget requests \$33 million one-time General Fund, including \$23 million for Capital Outlay to support state cost-share of United States Army Corps of Engineers (USACE) projects and Urban Flood Risk Reduction (UFRR) projects and \$10 million for State Operations to support and manage USACE and UFRR projects during FY 2024-25. The governor's budget also includes a five-year extended encumbrance and a two-year liquidation period for the \$23 million Capital Outlay project funds.

**Major Trailer Bill Language Proposals*****Mill Fee (BCP and TBL)***

The Governor's budget requests 117.4 positions and \$33.3 million – \$32.6 million DPR fund and \$700,000 GGRF – phased in over three years to provide stable, sustainable funding for the Department of Pesticide Regulations (DPR). To support these positions, the budget requests

raising the mill assessment, a tax levied on pesticides when first sold into or within the state. This proposal would also increase registration and licensing fees.

This would support the Department to carry out its mission to protect human health and the environment by regulating pesticide sales and use, and by fostering reduced-risk pest management.

This proposal includes trailer bill language related to the collection of the mill assessment, data review, and registration and enforcement. The Governor proposes budget trailer legislation that would make several changes, including the following:

- The proposal would require the mill assessment to be paid by the entity that first sells a pesticide into the state.
- The proposal would extend the current statute of limitations for DPR to take enforcement actions when audits reveal mill assessment payment violations.
- Extends Statute of Limitations for Pesticide Use Violations. Currently, enforcement actions on pesticide use violations must be brought by DPR or CACs within two years of the occurrence of the violation. The proposal would extend this time line to three years.
- Authorizes DPR to Enforce California’s Laws on Out-of-State Pesticide Dealers. The proposal would authorize DPR to levy administrative penalties of up to \$15,000 on violations related to pesticide dealers, such as when entities act in this role without a license.
- Exempts Emergency Pesticide Use Authorizations From California Environmental Quality Act (CEQA) Review.

Assemblymember Garcia has introduced AB 2113 this year which includes the same trailer bill language proposed by the administration to implement the mill assessment increase. AB 2113 has been amended and is currently on the Assembly Floor.

***Generation and Handling Fee (May Revision)***

The Governor’s May Revision includes Trailer Bill Language and a Budget Change Proposal to address the structural deficit in the Hazardous Waste Control Account at the Department of Toxic Substances Control.

Proposed Statutory Changes:

- Clarifies fee exemptions to be consistently applied and aligned with intent of SB 158, DTSC’s Governance and Fee Reform.
- Defines “release” to be consistent with site mitigation language.
- Mandates DTSC to adopt regulations on an exemption review process and reporting requirements.
- Provides DTSC emergency rulemaking authority on fees administration.
- Replaces CDTFA fat penalties with escalating penalties based on delinquency period.
- Technical code cleanup.

**BCP Summary:**

- \$750,000 (\$500,000 ongoing) from the Hazardous Waste Control Account (HWCA) to:
  - Increase CDTFA audit activity and implement escalated penalty framework
  - Develop exemption review and reporting oversight processes
- Technical adjustments resulting in \$5 million reduction in HWCA authority, shifted to other funds.
- Build-out of DTSC and CDTFA oversight activities.
- 2023-24 TSCA loan forgiveness.

Senate Bill 158 (Chapter 73, Statutes of 2021), DTSC’s Governance and Fee Reform (Reform) established a sustainable fee framework by consolidating four fees into a single fat per-ton rate. SB 158 also established the Board of Environmental Safety (BES) to annually set rates. At the time of passage of Reform, the G&H fee was estimated to generate \$81 million. Actual G&H fee revenues in 2022-23 were \$43 million, with revenues in 2023-24 at approximately \$48 million. This proposals seeks to address the structural deficit between its ongoing revenues and expenditures.

***Extension of CEQA Exemption for Climate Resiliency and Biodiversity Projects***

The Governor's Budget requests including trailer bill language to eliminate the existing sunset on the California Environmental Quality Act (CEQA) statutory exemption for fish and wildlife restoration projects.

In 2021, the Legislature passed SB 155 (Ch. 258), adding Section 21080.56 to the California Public Resources Code. This section provides a CEQA statutory exemption for fish and wildlife restoration projects that meet certain requirements. The California Department of Fish and Wildlife's (CDFW) Cutting the Green Tape program is responsible for coordinating with lead agencies seeking the statutory exemption for restoration projects concurrence. In FY 22-23, CDFW initiated 41 exemptions and completed 22 statutory exemption concurrences for projects. According to the Department, on average, the statutory exemption has saved approximately 6.7 months of time and \$70,173 per project. A total of 28 statutory exemption concurrences have been approved from FY 20-21 through FY 22-23.

For a full list of approved projects under the statutory exemption for restoration projects, see CDFW's [Cutting the Green Tape StoryMap](#).

***Energy Resources Program Account Fee Increase Trailer Bill***

The Governor's budget requests trailer bill language to raise the statutory cap on the ERPA surcharge (from \$0.0003 per kWh to \$0.00066 per kWh), tie the statutory cap to the Consumer Price Index (CPI), and extend the surcharge to behind-the-meter (BTM) electricity consumption in order to address the structural deficit in the fund.

This tax on California electric bills costs the average residential customer \$2 annually. At the current rate, the average residential ratepayer in California pays about 16 cents per month. Larger customers pay the same rate but pay more based on volume. By law, the CEC can adjust the rate, not to exceed the cap, at a publicly noticed business meeting in November of any year.

Despite CEC management's actions to reduce ERPA spending, a structural deficit remains. The 2024-25 Budget includes total expenditures of \$95.7 million from ERPA in 2024-25, and ERPA's fund balance is projected to decrease steadily. In addition, BTM rooftop solar, wind, and non-utility generation are exempt from the ERPA surcharge. As BTM capacity grows, ERPA revenues decline correspondingly. The Senate Office of Research 2021 report, Growth of Behind-the-Meter Electricity Generation: Impacts to State Budget Revenue, indicates that BTM electricity is forecast to grow from about 7 percent to 17 percent of total electricity consumed. Meanwhile, retail electricity sales are only anticipated to increase by no more than two percent annually between 2022 and 2030.



The language can be found here: <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/1036>.

**Multi-Year Greenhouse Gas Reduction Fund Spending Plan**

The Governor’s budget requests an additional \$5.2 billion in fund shifts from GF to GGRF which results in the following multi-year discretionary GGRF spending plan:

**Discretionary Cap and Trade Funding @**

**2024 May Revision**

(Dollars in Millions)\*

Dept.	Program	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
CARB	AB 617 - Community Air Protection		\$195	\$195	\$195	\$195	\$195
	AB 617 - Local Air District Implementation		\$50	\$50	\$50	\$50	\$50
	AB 617 - Technical Assistance Grants		\$5	\$5	\$5	\$5	\$5
	ZEV Programs (preexisting agreement)			\$215	\$301	\$213	
CalSTA	Zero Emission Transit Capital Program	(-220)	(220)		\$230	\$460	
	Transit Inter-City Rail Capital Program and Other Transportation (Formula and Competitive (Fund Shift)	\$596	\$362	\$368	\$20		
Caltrans	Highways to Boulevards (Fund Shift)			\$25	\$50		
CEC	ZEV Programs (preexisting agreement)			\$385	\$299	\$387	
	ZEV Fueling Infrastructure Grants (Fund Shift)	\$119.5				\$99	
	Drayage Trucks & Infrastructure (Fund Shift)	\$157					
	Transit Buses & Infrastructure (Fund Shift)	\$29					
	Clean Trucks, Buses, and Off-Road Equipment (Fund Shift)	\$71					
	Equitable Building Decarbonization (Fund Shift)					\$93	
	Carbon Removal Program (Fund Shift)			\$20			
	Distributed Electricity Backup Assets (Fund Shift)			\$200	\$180		
	Hydrogen Grants (Fund Shift)			\$40			
	Demand Side Grid Support (Fund Shift)		\$75	\$75			

	Clean Energy Reliable Investment Plan (Fund Shift)			\$50	\$150	\$50	\$650
CPUC	Community Solar			\$25			\$25
CalFIRE	Fire Prevention Grants (Fund Shift)		\$40			\$42	
	Unit Fire Prevention Projects (Fund Shift)					\$26	
	Prescribed Fire Liability Pilot (Fund Shift)		\$20				
	Tribal Wildfire and Forest Resilience (Fund Shift)			\$10			
CDFA	Livestock Methane Reduction (Fund Shift)		\$17	\$7			
	State Water Efficiency and Enhancement Program (Fund Shift)				\$20.6		
CNRA	Ocean Protection (Fund Shift)		\$27.5				
	Ocean Protection/SB 1 Implementation (Fund Shift)				\$36.8		
DOC	Regional Forest & Fire Capacity (Fund Shift)					\$20	
	Oil Well Plug and Abandonment (Fund Shift)				\$50		
DWR	Urban Flood Risk Reduction/Systemwide Flood Programs-Little Egbert Project (Fund Shift)		\$126				
	Oroville Pump Storage (Fund Shift)		\$10	\$20	\$100	\$100	
	Habitat Restoration (Fund Shift)		\$102.5				
WCB	Streamflow Program (Fund Shift)		\$101.1				
	Nature Based Solution Programs (Fund Shift)		\$42.0				
	Protecting Fish and Wildlife from Changing Conditions (Fund Shift)		\$70.0				
DFW	Wetland Restoration (Fund Shift)		\$17.2				
Cal EPA	Environmental Justice Action Grants (Fund Shift)				\$5		
DTSC	Vulnerable Community Toxic Clean-Up (Fund Shift)		\$65.0		\$43		
SWRCB	Drinking Water/Wastewater (Fund Shift)		\$322.5	\$30			
OPR	California Climate Action Corps (Fund Shift)		\$9.4	\$9.4	\$9.4	\$9.4	\$9.4

Various	Salton Sea (Fund Shift)		\$72.0	\$3.3			
Various	Diablo Canyon Land Conservation and Economic Development (SB 846) (Fund Shift)			\$50.0	\$50	\$50	
<b>Total</b>		<b>\$973</b>	<b>\$1,729</b>	<b>\$1,783</b>	<b>\$1,794</b>	<b>\$1,799</b>	<b>\$934</b>

\*Does not include baseline support items for various departments.

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

<b>Total</b>
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<b>Total Fund Shifts</b>	<b>\$972.5</b>	<b>\$1,479.2</b>	<b>\$907.7</b>	<b>\$714.3</b>	<b>\$489.4</b>	<b>\$659.4</b>	<b>\$5,222.5</b>
Governor's Budget	\$376.3	\$868.1	\$7.0	\$107.4	\$265.0	\$0.0	\$1,623.8
May Revision	\$596.2	\$611.1	\$900.7	\$606.9	\$224.4	\$659.4	\$3,598.7

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 and Christine Miyashiro.