

California State Assembly



Hearing Agenda

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

Assemblymember Steve Bennett, Chair

Tuesday, May 19, 2026
9:00 A.M. – State Capitol, Room 437

2026-27 May Revision Proposals

I. Overview of the Governor's May Revision Proposals on Transportation, Climate Change, Natural Resources, Environmental Protection, and Energy

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Eamon Nalband, Assistant Program Budget Manager, Department of Finance
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

II. Member Questions and Comments

III. Overview of California Air Resources Board Cap and Invest Regulations and Possible Impact on Greenhouse Gas Reduction Fund Revenues

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Rajinder Sahota, Deputy Executive Officer - Climate Change & Research, California Air Resources Board
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

IV. Member Questions and Comments

V. Public Comment*

**Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the Subcommittee. This hearing may need to break between 12-1:30pm if the hearing has not concluded by 12pm.*

Non-Presentation Items: 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 Subcommittee Chair or request a presentation by the Administration at the discretion of the Subcommittee Chair. Members of the public are encouraged to provide public comment on these items at the designated time.

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

Presentation Items

Various

Overview of the Governor's May Revision Proposals on Transportation, Climate Change, Natural Resources, Environmental Protection, and Energy

This item summarizes all the May Revision proposals.

Panel

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Eamon Nalband, Assistant Program Budget Manager, Department of Finance
- Stephen Benson, Assistant Program Budget Manager, Department of Finance
- Rachel Ehlers, Deputy Legislative Analyst, Legislative Analyst's Office

NATURAL RESOURCES

Various

- Includes a redistribution of \$76.7 million that was set aside for statewide bond costs for Proposition 1 (2014) (Prop 1). Funding is proposed for redistribution to departments identified in Prop 1 to support additional projects consistent with Prop 1 provisions.
- Includes \$719,000 Timber Regulation and Forest Restoration Fund (TRFRF) and \$1.8 million in reimbursement authority in 2026-27 and \$710,000 TRFRF and \$1.6 million in reimbursement authority in 2027-28 to support the expedited review and implementation of vegetation management throughout California's forested ecosystems to reduce fire risk and build the state's resilience to wildfires. Funding would be spread across the CA Natural Resources Agency, Department of Conservation, Department of Fish and Wildlife, the Coastal Commission, and the State Water Resources Control Board.

This proposal includes four positions at the Coastal Commission, two positions at DOC, and three positions at CDFW to support these activities on a temporary basis, consistent with the funding request. Additionally, the California Natural Resources Agency (CNRA) requests \$250,000 TRFRF in 2026-27 and ongoing for Information Technology (IT) support to address application intake and vegetation treatment tracking needs.

- Includes up to \$125 million towards the acquisition of the 161-acre Golden Gate Fields property. Funding will come from allocations associated with the State Coastal Conservancy (SCC), California Natural Resources Agency (CNRA), and the Wildlife Conservation Board (WCB), and \$23.2 million to CNRA for projects that improve conditions on wildlife refuges and wetland habitat areas.

Secretary of Natural Resources Agency

- Includes \$8.835 million Environmental Enhancement and Mitigation Fund one-time in 2026-27, as well as associated provisional language, to provide additional support for Phase 2 of the Wallis Annenberg Wildlife Crossing project for estimated project completion by the end of calendar year 2026.
- Includes a one-time augmentation of approximately \$25 million from the California Ocean Protection Trust Fund in 2026-27 to account for the increase in mitigation funds received by the state for the Once-Through Cooling Interim Mitigation Program.

California Tahoe Conservancy

- Includes \$1,035,000 one-time from the Lake Tahoe Science and Lake Improvement Account (Account) for fiscal year 2026-27 to fund special repairs and Americans with Disabilities Act (ADA) accessibility improvements at two Conservancy-owned public beach facilities on the north shore of Lake Tahoe.
- Includes \$500,000 one-time reimbursement authority to the Environmental License Plate Fund for the study phase of the Upper Truckee Marsh South project. Completion of the project will result in improved biodiversity, climate resilience, water quality, and recreation on the site of the Lake Tahoe Blvd Demolition and Site Stabilization project.
- Includes \$500,000 from California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Fund (Proposition 68) to reconstruct and improve a heavily used sidewalk located on Conservancy property (Project). The sidewalk is severely deteriorated, poses a public safety concern, and directly abuts a newly constructed California Department of Transportation crosswalk on Lake Tahoe Boulevard/U.S. Highway 50, a major thoroughfare in South Lake Tahoe. The Project will upgrade the sidewalk to meet current Americans With Disabilities Act (ADA) and state standards.

Department of Conservation

- Includes \$869,000 one-time from the Surface Mining and Reclamation Account for fiscal year 2026-27 to continue its work on configuring, maintaining, and operating SMARA-4, a new Software as a Service (SaaS) case management system.
- Includes an increase in appropriations from the Oil, Gas, and Geothermal Administrative (OGGA) Fund of \$1,795,000 in fiscal year 2026-27 and \$1,795,000 in 2027-28 to implement the Gravity-Based Energy Storage Well Pilot Program pursuant to Chapter 419, Statutes of 2025 (SB 567) for the Department of Conservation, the California Air Resources Board (CARB), and the State Water Resources Control Board and Regional Water Quality Control Boards (collectively, the Water Boards).

Department of Forestry and Fire Protection (CAL FIRE)

- Includes supplemental appropriation of \$3,554,000 General Fund for the construction phase of the Fresno Air Attack Base Infrastructure Improvement project, located in Fresno County. This is a continuing project.
- Includes \$30,285,000 Public Buildings Construction Fund for the construction phase of the Potrero Fire Station: Replace Facility project, located in San Diego County. This is a continuing project.
- Includes a supplemental appropriation of \$1,197,000 General Fund for the construction phase of the Ramona Air Attack Base: Infrastructure Improvements project, located in San Diego County. This is a continuing project. Total estimated project costs are \$7,024,000. The 2019 Budget included funding for CAL FIRE to acquire and operate seven C-130 aircraft. This project is necessary for the use and maintenance of those aircraft.
- Includes a supplemental appropriation of \$475,000 General Fund for the redesign of the working drawings phase of the Rohnerville Air Attack Base: Replace Fuel System project, located in Humboldt County. This is a continuing project.
- Includes \$1,000,000, General Fund for the site selection portion of the acquisition phase of the Santa Clara Helitack Base: Relocate Facility project, located in Santa Clara County. This is a continuing project which was previously known as the Alma Helitack Base: Relocate Facility project. The name of the project has changed to reflect a change in the intended location of the project. A separate proposal will be submitted in a future budget for the remainder of the acquisition phase once a site is identified.
- Includes a supplemental appropriation of \$28,918,000 General Fund for the construction phase of the Statewide: Replace Communications Facilities – Phase V project, located in various counties. This is a continuing project.
 - CAL FIRE requests supplemental appropriation due to significant cost increases resulting from regulatory review delays, labor shortages, and market inflation. Both hard and soft costs increased due to increased steel prices, increased labor and equipment costs, extended procurement, builder’s risk insurance increase, and extended review and backcheck timelines. Additional costs include increased construction management for concurrent tower projects, required Parks monitoring, increased Division of State Architecture and State Fire Marshal fees due to more involvement in tower projects than previous projects.
- Includes various reappropriations and reversions for phases of continuing projects as needed to complete critical projects supporting CalFire’s mission.

Department of Fish and Wildlife

- Includes the transfer of 7.0 permanent accounting positions from the California Department of Fish and Wildlife (CDFW) to WCB. WCB currently contracts with CDFW

for accounting services, with WCB covering the full cost of all 7.0 permanent positions plus overhead contracting costs via Interagency Agreement. Moving the positions directly under WCB authority will yield savings of overhead costs and eliminates contract administration. WCB will existing funds to continue covering the cost of the positions.

- Includes \$1.6 million Fish and Game Preservation Fund-Non-Dedicated in fiscal year 2026-27, \$1.8 million in 2027-28, \$1.9 million in 2028-29, \$2.1 million in 2029-30, and \$2.3 million in 2030-31 and ongoing for the increased cost of the agreement between the Department's Data and Technology Division and Aspira. Aspira provides the necessary maintenance, development, and support to keep the Automated License Data System (ALDS) operational.
- Includes a one-time increase of \$3.28 million from the Oil Spill Prevention and Administration Fund in fiscal year 2026-27 to replace fleet assets used for oil spill response and support. The Office of Spill Prevention and Response (OSPR) has identified an immediate need for additional resources to close an operational gap to ensure adequate and reliable fleet resources necessary for response activities.
- Includes \$3.5 million Special Funds (including \$2 million Fish and Game Preservation Fund- Non-Dedicated) in fiscal year 2026-27 and ongoing to fund various existing positions. This request will provide ongoing funding for the 20 positions the Department received in the 2022 Budget for statewide administrative support in the Drought Resilience and Response Package and funded by the various one-time General Fund investments.
- Includes various adjustments to the Fish and Game Preservation Fund's (FGPF) dedicated accounts.
- Includes 2.0 permanent positions, \$488,000 in fiscal year 2026-27 and \$472,000 in 2027-28 and ongoing from the Oil Spill Prevention and Administration Fund to address the workload associated with evaluating the adequacy of the Certificate of Financial Responsibility requirements and conducting Reasonable Worst-Case Spill calculations on a regular basis.
- \$1.02 million one-time Fish and Game Preservation Fund to allow the Department to use existing Environmental License Plate Fund to fund temporary resources to support the Coexisting with Wildlife Initiative that will allow for proactive mitigation of human-wildlife conflict and foster safe coexistence with native wildlife in California.

Wildlife Conservation Board

- Includes the transfer of 7.0 permanent accounting positions from the California Department of Fish and Wildlife (CDFW) to WCB.

Coastal Commission

- Includes \$719,000 Timber Regulation and Forest Restoration Fund (TRFRF) and \$1.8 million in reimbursement authority in 2026-27 and \$710,000 TRFRF and \$1.6 million in reimbursement authority in 2027-28 to support the expedited review and implementation of vegetation management throughout California's forested ecosystems to reduce fire risk and build the state's resilience to wildfires; funding will be spread across the Secretary of the Natural Resources Agency, Department of Conservation, Department of Fish and Wildlife, the Coastal Commission, and the State Water Resources Control Board.

State Coastal Conservancy

- Includes \$7 million one-time in 2026-27 from the State Coastal Conservancy Fund and \$7 million in reimbursement authority one-time. This funding will provide additional resources for coastal resource enhancement and public access projects, while reimbursement authority will allow SCC to encumber a grant from the National Fish and Wildlife Foundation for the South Bay Salt Pond Restoration Project. Funds are requested to be available for encumbrance or expenditure through June 30, 2028, given the multi-year nature of projects.

Department of Parks and Recreation

- Includes trailer bill language to add Section 526 to the Public Resources Code to establish a support organization for the California Indian Heritage Center (CIHC) that reflects the CIHC's tribal partnership context and cultural mission. The requested changes are intended to provide a governance and partnership framework that will allow California Native tribes to shape elements of CIHC operations, including interpretation, exhibit development, cultural stewardship, care of collections and patrimony, and management of the site's natural and ceremonial spaces.
- Includes \$2 million General Fund ongoing beginning in 2026-27 for the cost of representation from the Attorney General's Office (AGO) in various lawsuits filed against the Department. These services are critical as the AGO provides expertise in complex legal fields and is skilled when it comes to negotiating settlements in court that are cost-effective to the Department. Additional resources are necessary to cover the cost of service provided by the AGOs office.
- Includes \$3,591,000 General Fund in fiscal year 2026-27 to support operations at the new Fort Ord Dunes State Park campground. In 2027-28, the Department requests \$3,264,000 (\$1,958,000 General Fund and \$1,306,000 State Parks and Recreation Fund or SPRF) and beginning in 2028-29, the Department requests \$1,047,000 General Fund and \$2,217,000 from SPRF. This request includes resources to support 14 permanent positions, 13 temporary help positions, vehicles, and equipment.

This proposal anticipates the Fort Ord Dunes campground will generate revenue to SPRF to offset General Fund costs based on conservative assumptions,

reflecting high demand and a below-market fee structure that maintains affordable public access. Additional SPRF revenue may be generated in future years through concessions and other services.

- Includes one-time funding from the California Tire Recycling Fund via reimbursement authority to support sediment and debris, including waste tires, management activities at the Tijuana Estuary and Border Field State Park.

Consistent with statutory requirements for interagency coordination, the Department of Parks and Recreation will coordinate with the Department of Resources Recycling and Recovery (CalRecycle) to implement these activities through an interagency agreement. CalRecycle, which administers the California Tire Recycling Management Fund, will provide up to \$2 million in one-time funding to the Department. The Department will utilize these funds to support immediate needs while pursuing additional sources of grant funding to expand sediment and debris management efforts and support restoration of critical habitat through the beneficial reuse of sediment from the Tijuana River Valley.

- Includes a supplemental appropriation of \$225,000 Off-Highway Vehicle Trust Fund for the working drawings phase of the Oceano Dunes State Vehicular Recreation Area (SVRA): Le Sage Bridge Replacement project in San Luis Obispo County. This project will rehabilitate the Le Sage Bridge to provide critical structural improvements and enhanced design features for combined vehicle and pedestrian use. This supplemental design funding will enable the Department to achieve approximately \$675,000 in net project savings by avoiding more costly construction associated with the initial design approach, thus remaining within available construction funding.
- Includes \$400,000 in fiscal year 2026-27 from the Off-Highway Vehicle Trust Fund for the construction phase of the Pismo State Beach (SB): Entrance Kiosk Replacement project. The Department received bids for the construction contract which exceeded the original project budget by more than 20 percent. This supplemental appropriation will allow the Department to successfully rebid and award the project contract in fiscal year 2026-27. Additionally, this funding includes increases for escalation using standard escalation procedures.
- Includes \$7,800,000 in reimbursements to the State Parks and Recreation Fund (SPRF) for the construction phase of the Rio de Los Angeles State Park (SP): Public Use Facilities at Bowtie project. The project will include necessary infrastructure, site improvements, and day-use amenities. Upon completion, the project will provide public access, passive recreation opportunities, and habitat restoration.
 - This reimbursement authority will allow the Department to utilize \$5,000,000 in federal grant funds through the Outdoor Recreation Legacy Program, \$3,000,000 grant funds provided by the Los Angeles County's Regional Park and Open Space District, Measure A Competitive Grant Program, and \$2,800,000 grant funds provided by the Santa Monica Mountains Conservancy, which matches available

state funding provided by the Waterways Connection Initiative program. The Department will require these grants to fund construction, which is scheduled to begin in the 2026-27 fiscal year.

- Includes one-time funding of \$3 million from the State Park Protection Fund (SPPF) in fiscal year 2026-27 and one-time funding of \$7.5 million from the State Parks Recreation Fund (SPRF) in 2026-27, to increase State Park Peace Officer (SPPO) Cadet Academy throughput. Currently, approximately 23 percent of SPPO positions are vacant, with rank-and-file vacancies exceeding 26 percent.
- Includes various reappropriations and extensions of liquidation of existing capital outlay appropriations and to allow completion of current projects without delay, as well as reversion of savings from completed projects.
- Includes \$19,209,000 General Fund in fiscal year 2026-27, \$3,503,000 General Fund in 2027-28, \$3,816,000 General Fund in 2028-29, and \$3,833,000 in 2029-30 and ongoing for the operation of Will Rogers State Beach (SB) and Dockweiler State Beach (SB). Additionally, the Department requests \$5,172,000 State Parks and Recreation Fund (SPRF) in 2026-27 and \$8,620,000 SPRF in 2027-28 and ongoing as well as 31.0 positions phased in over three years for the same purpose.

Delta Protection Commission

- Includes \$320,000 ongoing and 1.0 permanent position to expend an increase in federal grant funding from the U.S. National Park Service and implement the Sacramento-San Joaquin Delta National Heritage Area (Delta NHA) Management Plan.

Sierra Nevada Conservancy

- Includes \$214,000 Environmental License Plate Fund ongoing, and 1.0 permanent full-time Accountant I (Specialist) and 1.0 permanent full-time Accounting Officer (Specialist) to realign accounting resources.

Department of Water Resources

- Includes \$25 million one-time General Fund to support necessary monitoring, habitat restoration projects, water purchases, and administration towards implementation of Includes the Healthy Rivers and Landscapes Program for the first year of implementation to comply with an updated Bay-Delta Water Quality Control Plan.
- Modifies a Governor’s Budget request in response to newly available mitigation credits for purchase. The Department of Water Resources’ (DWR) Division of Multibenefit Initiatives (DMI) requests \$7.9 million General Fund to support the compensatory mitigation needs of the Delta Levees Program.

- Includes \$8.6 million General Fund over five years and ongoing \$1.7 million annually to secure a leased facility for the Northern Region Office (NRO) facilities located in Red Bluff, California. This request includes \$2.2 million in 2026-27, \$1.5 million in 2027-28, \$1.6 million in 2028-29, \$1.6 million in 2029-30, \$1.7 million in 2030-31 and \$1.7 million ongoing for future fiscal year.
- Includes \$31,460,000 from Proposition 50 (Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002) and \$4,373,000 from Proposition 13 (Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act) to fund the state's share of costs for implementing the South Delta Gates (SDG), formerly South Delta Permanent Operable Gates, project. This request will be partially funded through the reversion of \$11.3 million Proposition 50. DWR also requests \$110,000,000 Federal Trust Fund Authority.
- Includes the reversion of \$16.8 million Proposition 68, Section 80111(a), and a new appropriation of \$16.2 million capital outlay to DWR and \$600,000 to the California Natural Resources Agency (CNRA) for an agreement with the Salton Sea Authority (SSA) for the North Lake Pilot Demonstration Project.

ENVIRONMENTAL PROTECTION

Secretary of Environmental Protection Agency

- Includes \$941,000 in new funding authority (\$870,000 ongoing and \$125,000 one-time funding) from various funds and 2.0 permanent positions to drive the agency's technology innovation strategy, governance, and practical adoption in alignment with California Department of Technology's Envision 2026 statewide IT strategic plan and to improve the administration of public meetings in accordance with the Bagley-Keene Open Meeting Act.

State Water Resources Control Board

- Includes \$952,000 ongoing and 4.0 permanent positions from the Safe Drinking Water Account to regulate small water systems (SWS) in Contra Costa County and Kings County. Both counties have notified the Water Board that they are terminating their local primacy agency (LPA) delegation agreements and returning the SWS regulatory programs to the state during calendar year 2026. The SWS programs will be absorbed by the Water Board's Division of Drinking Water (DDW).
- Includes \$8.9 million in 2026-27, \$503,000 in 2027-28, \$553,000 in 2028-29, \$606,000 in 2029-30, and \$661,000 in 2030-31 and ongoing from the General Fund and various special funds to relocate and consolidate the Central Valley Regional Water Quality Control Board's (Regional Board) Fresno office and the Water Board's Division of Drinking Water's Fresno district office. The Regional Board's Fresno office has experienced ongoing safety issues and facility deficiencies, and a new location is required. Through consolidating the Regional Board's and Division of Drinking Water's Fresno offices, the Water Board will ensure a safe work environment for staff and maximize operational efficiencies for the region.
- Includes an increase in appropriations from the Oil, Gas, and Geothermal Administrative (OGGA) Fund of \$1,795,000 in fiscal year 2026-27 and \$1,795,000 in 2027-28 to implement the Gravity-Based Energy Storage Well Pilot Program pursuant to Chapter 419, Statutes of 2025 (SB 567) for the Department of Conservation, the Air Resources Board, the State Water Resources Control Board and Regional Water Quality Control Boards.

Department of Toxic Substances Control

- Includes \$1.1 million and 4.0 permanent positions from the Lead-Acid Battery Cleanup Fund (LABCF) in 2026-27 and ongoing to continue supporting activities to oversee and implement the ongoing corrective action or Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) cleanup work associated with the February 2002 Corrective Action Consent Order (CACO), subsequent Interim Measures Orders

and Imminent and Substantial Endangerment (IS&E) Determination Order (collectively referred to herein as “Orders”) against Exide Technologies, LLC (Exide).

- Includes an ongoing reduction of \$1.9 million and 4.9 positions to align the department’s resources for oversight of metal shredding facilities to operational needs, consistent with Assembly Bill (AB) 2851 of 2024. This includes a net-zero ongoing technical shift of \$2.2 million and 5.0 positions from the Hazardous Waste Control Account to the newly established Metal Shredder Facilities Account (MSFA).

CalRecycle

- Includes \$282,000 and 2.0 positions ongoing and \$50 million one-time in 2026-27 from the Beverage Container Recycling Fund (BCRF) for allocations to support up to 40 rural local governments over five years to establish California Redemption Value (CRV) redemption locations.
- Includes \$2,393,000 and 6.0 positions in 2026-27, and \$893,000 in 2027-28 and ongoing, from the California Tire Recycling Management fund (0226) to support waste tire compliance and statutory enforcement responsibilities.
- Includes statutory language to extend the Plastic Market Development Payment Program until July 1, 2029, increase the maximum payment rate per ton to \$200, and appropriate \$60 million from the Beverage Container Recycling Fund (BCRF) over three years: \$30 million in 2026-27, \$20 million in 2027-28, and \$10 million in 2028-29. In addition, CalRecycle requests \$5 million annually from the BCRF in 2026-27 through 2028-29 for a plastic reclaimers and manufacturers grant program to support investments in recycling infrastructure. Includes associated trailer bill language.
- Includes one-time expenditure authority for \$3,329,000 from the Integrated Waste Management Account (IWMA) to fund the replacement of the landfill gas monitoring system at the BKK Sanitary Landfill (landfill) to protect public health and safety and the environment.
- Includes \$100 million one-time from the Beverage Container Recycling Fund (BCRF) to support grants for the Beverage Container Quality Infrastructure Grant Program to improve California processors’ capacity to sort California Redemption Value (CRV) materials and produce cleaner, higher-quality material streams.
- Includes \$2 million via reimbursement authority from the Tire Recycling Management Fund, administered by CalRecycle, to support sediment and debris, including waste tires, management activities at the Tijuana Estuary and Border Field State Park.
- Includes \$2,154,000 in 2026-27, and \$154,000 in 2027-28 in one-time funding from the California Tire Recycling Management Fund to be available for the California

Environmental Protection Agency (CalEPA) to support the waste tire cleanup efforts along the California-Mexico border region.

Office of Environmental Health Hazard Assessment

- Includes \$300,000 for the Office of Environmental Health Hazard Assessment from the Air Pollution Control Fund (APCF) for one-time contracting to help address the high cancer risk from the air toxics acrolein and ethylene oxide by improving scientific understanding of the sources of these toxics to enable risk reduction strategies, and communicating the risk to the public.

California Air Resources Board

- Includes \$2.2 million from the Air Pollution Control Fund (APCF) for one-time contracting to help address the high cancer risk from the air toxics acrolein and ethylene oxide by improving scientific understanding of the sources of these toxics to enable risk reduction strategies, and communicating the risk to the public.
- Provides \$477,000 in 2026-27 and \$477,000 in 2027-28 Oil, Gas, and Geothermal Administrative (OGGA) Fund to implement the Gravity-Based Energy Storage Well Pilot Program pursuant to Chapter 419, Statutes of 2025 (SB 567).
- Appropriates \$5 million one-time in 2026-27 and 2027-28 from the Air Pollution Control Fund for litigation and legal costs to safeguard California’s air quality laws and programs that advance the state’s climate, air quality, and public health environmental priorities.
- Provides a one-time, \$14,433,000 increase in reimbursement authority from the Air Pollution Control Fund in 2026-27 to continue to provide oversight of programs and projects funded out of the Volkswagen Environmental Mitigation Trust through 2033-34.
- Fund shifts \$2,193,000 in 2026-27 and \$2,262,000 ongoing from the General Fund to the Air Quality Improvement Fund to shift state operations resources for mobile source, stationary source, and climate change programs to special funds to help address the General Fund deficit.
- Fund shifts \$2.85 million ongoing from the Certification and Compliance Fund to the Air Pollution Control Fund for the In-Use Locomotive Regulation approved in 2023.
- Fund shifts \$4.3 million annually from the Certification and Compliance Fund to various other special funds for the Southern California Headquarters Building Management Operations and Maintenance Contract approved in 2024.
- Extends the encumbrance period of the following appropriations to June 30, 2028:
 - Up to \$21,716,000 General Fund in the 2021 Budget Act for the Zero-Emission Drayage Truck and Infrastructure Pilot Project.

- Up to \$550,000 Motor Vehicle Account, State Transportation Fund in the 2019 Budget Act for Emission Testing and Test Method Development for Commercial Harbor Craft and Ocean-Going Vessels.
- Up to \$104,000 Motor Vehicle Account, State Transportation Fund in the 2023 Budget Act for contracts related to the Commercial Harbor Craft regulation.
- Up to \$72,340,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project.

- Reappropriations the following appropriations:
 - Up to \$1,000,000 General Fund in the 2023 Budget Act for administrative costs related to the F-Gas Reduction Incentive Program (FRIP).
 - Up to \$9,907,000 General Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-101-0001.
 - Up to \$11,518,000 Air Pollution Control Fund in the 2021 Budget Act for administrative costs related to the Carl Moyer Air Quality Standards Attainment Program.
 - Up to \$4,950,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-102-3228.
 - Up to \$19,448,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Advanced Technology Demonstration and Pilot Projects.
 - Up to \$9,969,000 Greenhouse Gas Reduction Fund in the 2022 Budget Act for the Advanced Technology Demonstration and Pilot Projects.
 - Up to \$15,714,000 Greenhouse Gas Reduction Fund in the 2024 Budget Act for the Advanced Technology Demonstration and Pilot Projects.

VARIOUS

Department of Food and Agriculture

- Includes \$204,000 General Fund in 2026-27, 2027-28, and 2028-29, and \$204,000 Department of Food and Agriculture Fund (Ag Fund) in 2029-30 and ongoing, and 1.0 permanent position to continue the statutorily mandated collection and publication of agricultural statistical reports.
- Includes \$900,000 General Fund in 2026-27 to perform critical repairs at its Biological Control Facility in Sacramento.
- Includes additional requests for various bond appropriations, reappropriations, and reversions; technical adjustments; reappropriations; and baseline adjustments to continue implementation of previously authorized programs.
- Includes \$8,336,000 transfer from the General Fund to the Department of Food and Agriculture Fund in 2026-27, with authority to make transfers until June 30, 2028, to cover the deficit incurred by CDFA in the implementation of the Industrial Hemp Program. This request encompasses all previously accrued deficits as well as expected expenditures in 2025-26 through 2027-28. Additionally, CDFA requests to amend existing legislation regarding hemp cultivation in California. The proposed changes would shift from a state-managed program, where growers currently register with the County Agricultural Commissioners (CAC), to a system that mandates growers to obtain licenses through the federal hemp program established by the U.S. Department of Agriculture (USDA). Includes associated trailer bill language.
- Includes \$7,983,000 General Fund in 2026-27 and \$2,818,000 ongoing, which includes a one-time \$5,165,000 General Fund transfer to the Department of Food and Agriculture Fund (Ag Fund) in 2026-27 to repay a loan incurred to establish the Animal Care Program, which was created to implement the provisions of Proposition 12 passed in 2018 (Prop 12). This request encompasses all expenditures to date as well as projected ongoing costs. This request would transition the Program from being split between General Fund and Ag Fund to being fully supported by General Fund, until a fee-based funding structure can be implemented. Provisional language is also requested to transfer the requested General Fund to the Ag Fund to repay this loan.
- Includes \$10,500,000 General Fund in 2026-27 and ongoing to maintain mission critical pest detection activities for the Invasive Fruit Fly (IFF) program. This program has historically received federal funds, but the United States Department of Agriculture (USDA) has notified CDFA these funds are being reduced.
- Includes \$189,000 General Fund and 1.0 position in 2026-27 and ongoing to provide resources for clerical and administrative duties for the State Racetrack Leasing Commission (SRTLCL) pursuant to Food and Agricultural Code (FAC) section 4352. This

proposal also includes trailer bill language to shift clerical and administrative duties from the Department of Finance to CDFA.

- Includes trailer bill language that adjusts how much the department may charge for its proportionate share of administrative expenses as it relates to expenses associated with information technology, legal service, human resources, and the Office of Civil Rights.

Governor’s Office of Land Use and Climate Innovation

- Includes trailer bill language to authorize LCI to assess a fee on electronic CEQA documents submitted to the SCH to support the costs of maintaining the SCH system. The proposal will establish the State Clearinghouse Administrative Fund within the State Treasury to receive these fees. It also allows LCI to house other information related to planning, permitting, grants, and procurement in its database.

ENERGY

California Public Utilities Commission

- Provides \$1,914,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and 8 positions ongoing to oversee the expedited review of 10-year undergrounding plan program requirements developed in response to Chapter 819, Statutes of 2022 (SB 884).
- Funds \$1,202,000 from the Public Utilities Commission Public Advocates Account and 5 positions in 2026-27 and ongoing for the Public Advocate's Office to implement Chapter 116, Statutes of 2025 (AB 825).
- Authorizes \$437,000 from the Public Utilities Commission Public Advocates Office Account and 2 positions ongoing for the Public Advocates Office to meet increased workload resulting from changes in risk assessment and General Rate Cases, updates to the Electric Undergrounding Program.
- Appropriates \$218,000 from the Public Utilities Commission Public Advocates Office Account and 1 position ongoing for the Public Advocates Office to meet increasing workload associated with data center growth and the impacts on the energy sector.
- Provides \$469,000 from Public Utilities Commission Utilities Reimbursement Account ongoing for annual maintenance and operations costs for the Renewables Portfolio Standard (RPS) Database and RPS Data Public Website, which are newly developed platforms used to intake and analyze RPS data from California RPS retail sellers and allow the public to access non-confidential RPS data.
- Funds \$870,000 from the Public Utilities Commission Utilities Reimbursement Fund Account (PUCURA) and 2 positions ongoing to carry out timely and compliant California Energy Quality Act (CEQA) reviews of Broadband Last Mile infrastructure projects.
- Reappropriates \$68 million General Fund from the 2021 Budget Act to continue funding Broadband Last Mile infrastructure grants and extends the liquidation period of federal Capital Projects funds from December 31, 2026, to April 30, 2027, consistent U.S. Treasury guidance.

California Energy Commission

- Increases the administrative overhead of the Electric Program Investment Charge (EPIC) Program to 15 percent with a net-zero shift of \$1,947,000 from its local assistance to state operations as approved by the CPUC in Decision 21.11.028.
- Statutorily sets the salary of the Vice Chair of the Energy Commission at midway between the Chair of the Commission and the other Commissioners.

- Adopts \$1,103,000 from the Energy Resource Programs Account and 7 positions ongoing for accounting and human resources.
- Extends the liquidation period for EPIC funds from the 2018 and 2019 Budget Acts until June 30, 2030, to reestablish a four-year liquidation period to close out research projects and makes other technical changes.
- Reappropriates Item 3360-008-0001, Budget Act of 2021 until June 30, 2030 to support staffing costs to adequately close out the projects funded through the Distributed Electricity Backup Assets program and makes other technical changes.
- Extends the encumbrance period until June 30, 2028 and the liquidation period until June 30, 2032 for various federal fund items from the 2016 and 2018 Budget Acts to allow CEC to receive and process federal American Reinvestment and Recovery Act loan repayments.
- Reappropriates the balances of the following appropriations:
 - 2021 Budget Act General Fund appropriation for state administration and staffing costs for the Clean Energy Program and the Emergency Planning Program and local assistance project funding for the Distributed Energy Backup Assets program.
 - 2022 Budget Act General Fund appropriation for state administration and staffing costs for the Energy Modeling Support program.
 - 2023 Budget Act General Fund appropriation for state administration and staffing costs for the Building Energy Benchmarking and Federal Tax Credit Technical Assistance programs.
 - Various Budget Act local assistance appropriations for the EPIC program to reestablish a four-year liquidation period to close out research projects.
 - 2017 Budget Act Greenhouse Gas Reduction Fund (GGRF) appropriation for the Food Production Incentive Program (FPIP) to make new awards due to remaining unspent funds from previous projects that were completed under budget.
 - 2018 Budget Act GGRF state operations and local assistance appropriations for FPIP staffing costs and new FPIP awards due to project cancellations.
 - 2022 Budget Act GGRF state operations appropriations for Equitable Building Decarbonization (EBD), California Schools Healthy Air, Plumbing, and Efficiency Program, and the Industrial Decarbonization and Improvement of Grid Operations (INDIGO). Extended availability is necessary to continue to manage active projects and agreements, and close out the programs.
 - 2022 Budget Act GGRF local assistance appropriations for INDIGO and EBD to make new awards due to project cancellations.
 - 2023 Budget Act GGRF appropriations for state administration and staffing costs for EBD, as well as FPIP and Long Duration Energy Storage local assistance dollars to make new awards due to project cancellations.

Governor's Office of Business and Economic Development (Go-Biz)

- Makes permanent funding for 10 staff related to the transmission financing program in SB 254 (Becker, 2025) and increases the funding amount provided in January to \$10.3 million in 2026-27, \$4.1 million in 2027-28, \$4.2 million in 2028-29, \$3.5 million in 2029-30, and \$3.5 million in 2030-31 and ongoing.
 - **Staff Comment:** This is an increase of \$2.5 million in 2026-27, a \$370,000 decrease in 2027-28, a \$270,000 decrease in 2028-29, and a \$970,000 decrease in 2029-30 and 2030-31, but a \$3.5 million increase ongoing. GO-Biz states that the main difference in funding stems from higher upfront costs in the budget year for legal counsel, a municipal advisor, consultants and operating expenses. The May Revision would establish the 10 limited term positions as permanent, given that the accelerator projects will be monitored to completion and loan servicing continues throughout the duration of each loan term 10-20 years. Staff notes that existing law sunsets the program on January 1, 2031.
- Amends the Budget Act to add the staffing and Prop 4 appropriations above which were erroneously excluded.

Office of Energy Infrastructure Safety

- Authorizes 9 positions and \$2,549,000 (\$2,039,000 Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$510,000 Safe Energy Infrastructure and Excavation Fund (SEIEF)) ongoing to address information technology baseline gap resources. This request is necessary to address critical workload capacity and mission critical support gaps that are currently being supported by limited term resources that will expire in 2026-27.
- Provides 4 positions funded from existing related contracting funding ongoing, to increase the department's utility vegetation management inspection rate of wildfire mitigation plans completed by the investor-owned utilities.

TRANSPORTATION

CalTrans

- Mentions the need to appropriate additional funds for the Olympic and Paralympic Games for the Games Route Network from existing transportation dollars.
 - **Staff Comment:** The needed increase is in the low hundreds of millions of dollars. \$17 million was already appropriated and prior budget authority allowed this amount to increase by \$20 million but that authority has not been used. Roughly \$162 million in SHOPP dollars were awarded for this purpose.
- Proposes statutory changes to allow automated enforcement on the State Highway System portion of the Games Route Network in advance of the 2028 Olympic and Paralympic games that will be held in the Los Angeles region. This trailer bill authorizes a civil penalty of \$293, with a mechanism to issue a lesser fine to an individual with limited financial means. The proposal authorizes Caltrans to enter into an agreement with a local authority or regional transportation agency to administer the program and allocates fine revenue to pay for the state's costs associated with the administration of the automated enforcement program and the Games Route Network. The proposal requires that prior to the issuance of fines, there must be an extensive public awareness campaign of at least 120 days about the automated enforcement of the Games Route Network to prepare drivers in the region. The trailer bill provides an exemption to the Administrative Procedure Act, and clarifies that confidential information obtained by the automated enforcement is not subject to the Public Records Act or allowed to be used for any other purpose. Funds collected will be used to reduce costs associated with the Games Route Network and are continuously appropriated.
- Appropriates \$40 million one-time General Fund for Clean California litter abatement and encampment resolution. This funds clean ups and removal of unhoused individuals from CalTrans property/State Right of Way.
 - **Staff Comment:** Members of this subcommittee may want to ask if any of these funds will be used for marketing, workforce development, or litter abatement on local right of way.
- Funds \$6.2 million two-year limited term General Fund annually for homeless encampment liaisons in 2026-27 and 2027-28.
- Appropriates \$27,502,000 one-time in operating expenses from the Public Transportation Account for the maintenance and overhaul of state's passenger rail equipment for three state supported intercity passenger rail routes (Pacific Surf liner, Capitol Corridor, and San Joaquin) administered by their respective Joint Powers Authorities . This includes:
 - Continuation of the California I Car and California II truck overhaul project

- F59PHi Locomotive Heavy Maintenance Overhaul
- Bi-Level Overhaul
- SC-44 Charger Locomotive Overhaul

- Provides a one-time increase of \$16.4 million State Highway Account for Generative Artificial Intelligence (Gen AI) in the state highway system for Enhancing Vulnerable Road User (VRU) Safety and Gaining Traffic Mobility Insights (TMI).

- Amends Government Code Section 54237.7 to increase the fund cap of the State Route 710 Rehabilitation Account from \$1.2 million to \$15 million, for the purpose of providing repairs to more homes.

- Provides the California Transportation Commission \$252,000 ongoing (\$118,000 State Highway Account, \$134,000 Public Transportation Account) to convert 1 limited-term position to a permanent position to support the continued development of the State and Local Transportation System Needs Assessment required under Chapter 508, Statutes of 2022 (SB 1121).

California Highway Patrol

- Allocates an additional one-time increase of \$40.4 million Motor Vehicle Account for equipment and increased operating costs. This is on top of January funding of \$60.1 million for a multi-year total of \$100.5 million.

- Provides a one-time increase of \$3.1 million Motor Vehicle Account to upgrade wireless mobile video/audio recording system and body-worn camera to 5G.

- Funds \$9,132,000 General Fund for the construction phase for the Leviathan Peak site of the CHP Enhanced Radio System (CHPERS): Replace Towers and Vaults project. This request is necessary to ensure the CHP’s ability to move forward with this project to address deteriorating radio communications infrastructure and to improve radio interoperability in the Alpine and Mono County region among various public safety agencies.

- Authorizes \$57.574 million in 2026-27, \$55.635 million in 2027-28, \$55.797 million in 2028-29, \$55.846 million in 2029-30, and \$53.812 million in 2030-31 and ongoing in reimbursement authority, to provide sufficient expenditure authority for contracts with various state agencies, local jurisdictions, and private entities.

- Provides \$13,709,000 and 10 temporary positions from the Federal Trust Fund in 2026-27 to continue the planning phase and transition into the execution phase of the California Crash Data System Modernization Program.

Department of Motor Vehicles

- Adopts statutory changes to reduce printing costs of materials. These include:

- **Driver License Courtesy Notice:** Driver licenses are valid for 5 years. DMV mails courtesy notices informing customers of their expiration in advance of the expiration date indicated on the driver license. This results in expenditures of up to \$3 million annually for postage and paper, despite cost efficient digital renewal notices being available. Similar to what's done with passports, and seen in practices by financial institutions and utilities, DMV seeks to eliminate sending courtesy notices. Statutory change is necessary to eliminate the requirement that DMV notify a customer in writing of their requirement to take a knowledge exam. Customers who wish to receive their renewal notice may sign up for paperless notices online.
- **Driver License Handbooks:** Existing law requires the department to make available a driver license handbook without charge. The handbook is a synopsis of the rules of the road and is used as the reference for those who are required to take a knowledge exam. Typically, those applicants that require a knowledge exam are 1) original applicants, 2) seniors (70+) who must renew in person, or 3) those drivers with arrests or convictions on their records that make them ineligible to renew by mail. DMV has used its discretion to eliminate the requirement that drivers 70+ take a knowledge test as part of their renewal. With this change only approximately 2 percent of customers now require a knowledge test, yet DMV must still spend nearly \$5 million annually in printing costs. DMV already provides digital versions of the handbook in multiple languages and in an online version that can be translated into far more languages using Google Translate.
- **Digital Notice Opt-Out:** Consistent with DMV's modernization journey, this trailer bill will make it DMV's standard practice for customers to receive their notices electronically. Customers could still opt out of digital notices and elect paper mailing. With this change, the state could see potential savings in the millions of dollars for paper, envelopes, and postage. DMV already has a successful digital notice program for customers that opt in.
- **Rushed Registration Documents:** The Vehicle Code provides that a customer may pay a fee for a "rush" registration document, such as a title. This provision was added decades ago under different processing timelines and technology. With today's processes, there is no benefit to a customer in paying the additional fee for the rushed or expedited document. Elimination of this option will prevent customers paying an unnecessary \$15 fee and will allow the department to eliminate a manual workload.
- **Digital Title:** Digital titles will soon be the industry standard. They have the potential for long-term savings to the state for the printing and mailing of titles, transaction costs, and the potential to reduce fraud/title washing/etc., a positive for consumer protection. Digital titles may also allow for faster, more secure titling transactions, a benefit to both consumers and industry. Statutory change is necessary to enable DMV to issue and receive digital vehicle titles. The trailer bill

language further enables DMV to complete a regulatory effort to define the rules related to submission and acceptance of titles in a digital format. This language does not compel an immediate effort but clears the path for DMV to continue its modernization journey while ensuring accuracy, fraud prevention, and interoperability across jurisdictions.

- **Disabled Person Parking Placard Enhancements:** Under current law, DMV mails new disabled person parking placards every two years even though the physical placards do not deteriorate. This results in significant unnecessary costs for printing and mailing. Under this approach, DMV would use technology to assess the expiration/revocation of disabled placards. This will eliminate the need to send a plastic placard every two years by reusing the existing placard with digital validation. This approach would achieve cost savings for the state, increase convenience for placard-holders, while maintaining validation measures so that law enforcement can continue to detect and address the fraudulent use of placards.
- Funds a one-time increase of \$24.5 million Motor Vehicle Account for increased operating costs across DMV's facilities. The funding will support new and existing leases, security services, scheduled and deferred maintenance projects, and other operating expenses. This is on top of proposed increases in the Governor's Budget.
- Appropriates \$5 million for mobile app based identification cards.
- Provides statutory language to eliminate the cap on mobile app based identification card participation (which is currently set at 15 percent).
- Provides \$4.1 million Motor Vehicle Account to relocate the San Clemente Field Office.
- Provides a supplemental appropriation of \$3,885,000 Public Buildings Construction Fund for increased costs of the construction phase of the Delano: Field Office Replacement Project.
- Estimates a Motor Vehicle Account fund account balance of \$196 million.
- Adopts a technical adjustment to increase its reimbursement authority by \$6.4 million in 2026-27, \$6.8 million in 2027-28, \$7 million in 2028-29, \$7 million in 2029-30, and \$6.5 million in 2030-31 and ongoing for the continuation of previously approved full cost recovery programs pursuant to the State Administrative Manual Section 8752. In addition, DMV is requesting 4 positions in 2026-27 and ongoing at the Motor Vehicle Representative classification level for workload associated with AB 85, the California State Payroll System Project readiness activities, and ongoing cost increases (i.e. salary increases, etc.) for all reimbursable programs.

Office of the Inspector General, High Speed Rail

- Amends the Confidentiality Trailer Bill proposed in February to add “Providing confidential information to the Inspector General pursuant to this section, including, but not limited to, confidential information that is subject to a privilege, shall not constitute a waiver of that confidentiality.”
 - **Staff Comment:** This provision was amended into AB 1608 (Wilson, 2026) on March 10, 2026, and was discussed in this subcommittee on May 13, 2026.
 - **Staff Comment:** Per the subcommittee discussion on May 13, 2026, members expressed interest in codifying the entirety of AB 1608 and adding a provision to define “proposed agreements.” For full public review, staff has posted draft language on the subcommittee website for members and the public to consider possible inclusion as a budget trailer bill.
- Increases the Governor’s Budget proposal for Whistleblower Complaint and Audit Management Systems by \$169,000 in 2027-28 and ongoing from the Public Transportation Account, State Transportation Fund for maintenance and operations for two IT projects in-progress. This brings the total to \$1.475 million in future years.

Board of Pilot Commissioners

- Appropriates \$2,500,000 in 2026-27, from the Board of Pilot Commissioners’ Special fund to begin an IT project to modernize the business operations of the Board.
- Allocates \$529,000 in 2026-27; \$454,000 in 2027-28; and \$233,000 in 2028-29 and ongoing from the Board of Pilot Commissioners’ Special fund to cover legal expenses and secure a new leased office facility.

Overview of California Air Resources Board Cap and Invest Regulations and Possible Impact on Greenhouse Gas Reduction Fund Revenues

This is an informational oversight item on the proposed Cap and Invest regulations and their potential impact to the Greenhouse Gas Reduction Fund.

Panel

- Andrew March, Assistant Program Budget Manager, Department of Finance
- Rajinder Sahota, Deputy Executive Officer - Climate Change & Research, California Air Resources Board
- Helen Kerstein, Principal Fiscal & Policy Analyst, Legislative Analyst's Office

LAO Comments

Full LAO Comments will be posted on the subcommittee website with this agenda.

Staff Comments

Last year, the Legislature passed SB 840 (Limón, 2025) and AB 1207 (Irwin, 2025) to extend the Cap and Trade program through 2045, rename it to Cap and Invest, as well as reform the spending of Greenhouse Gas Reduction Fund dollars, and amend how utility allowances are allocated.

The California Air Resources Board (CARB) released proposed regulations in January, and then released proposed revisions in April, with public comment ending May 4th, and a proposed Board vote scheduled for May 28th.

According to the Legislative Analysts' Office (LAO): The proposed regulations establish the total number of allowances through 2045, but changes allocations of allowances for regulated entities only through 2030. It removes 118 million allowances through 2030, but adds them back "above the cap" to create a Manufacturing Decarbonization Incentive (MDI) valued at roughly \$4 billion for industrial facilities to decarbonize, with roughly half of allowances reserved for refining and similar industries. In addition to the MDI, the proposed regulations increase allowances for industry.

Staff notes that CARB communications also mention that the April changes will increase the total climate credit revenue that's provided to utilities to lower electric (and natural gas) bills from \$8 billion through 2030 to \$10 billion through 2030.

The Greenhouse Gas Reduction Fund (GGRF) consists of revenue from "state" allowances that are sold at quarterly auctions and any accrued interest. Currently, state allowances make up roughly half of the allowances, with the other half provided as "free" allowances to regulated entities. The funds are generally appropriated prospectively with a revenue estimate for the future fiscal year (similar to the General Fund). Prior the legislative changes above, GGRF was

dedicated to roughly two-thirds continuous appropriations in statute and one-third discretionary spending appropriated through the annual Budget Act. The continuous appropriations were percentage based, so they automatically adjusted with the revenue and were funded before the discretionary funds. The discretionary funds and interest revenue were allocated through the budget process, and Budget Act required departments to not award the last 25 percent of an appropriation until the last quarterly auction in the event that revenue was less than appropriated. While revenue was highly variable and rarely predictable, recent years produced an average of \$4 billion per year, with revenues as high as \$5.2 billion. SB 840 outlines a roughly \$4.3 billion annual spending plan, with a tiered priority ranking system in the event of lower revenues. Presumably the statute allows interest revenue to fund the tier system, however a proposed February trailer bill requests to exclude interest revenue from the tiered funding calculation (and move state operations/staffing costs from Tier 3 to Tier 1). The new tier system has some previous continuous appropriations in Tiers 1 and 2 (manufacturing tax credit, CalFire State Responsibility Area Fee backfill, and high speed rail), moves discretionary spending to a dedicated \$1 billion annually for the Legislature to allocate in the annual Budget Act to Tier 2 (after high speed rail), and moves the remainder of the prior continuous appropriations to Tier 3 (Affordable Housing and Sustainable Communities Program, Low Carbon Transit Operations Program, Transit and Intercity Rail Capital Program, wildfire prevention (SB 901), Safe and Affordable Drinking Water Program (SAFER), with the added Community Air Protection Program (AB 617). Lastly, any additional revenue would be discretionary and subject to appropriation through the annual Budget Act.

According to the Legislative Analysts' Office (LAO): "this (the proposed regulations) would significantly reduce the number of allowances anticipated to be dedicated to GGRF/the State. Also, the MDI proposal would effectively increase the allowance supply, thereby potentially putting downward pressure on allowance prices. GGRF revenues are subject to substantial uncertainty, but CARB's estimates suggest they would total about \$2 billion per year— roughly half the amount in recent years. This amount would be inadequate to fully support Tier 2 programs within SB 840's framework and leave no funding for Tier 3 programs." The LAO also states that "A recent analysis by the Chair of the Independent Emissions Market Advisory Committee suggests that some emitters could receive free allowances well in excess of their emissions."

Staff also notes that due to slightly lower than expected auction revenue, the Department of Finance has adjusted down revenue figures for 2025-26 and estimates for 2026-27 (posted on the subcommittee website). The 2026-27 revenue estimate assumes \$3.4 billion, 15 percent lower than what subcommittee staff estimate as the running average and roughly 20 percent less than SB 840 outlines. The next auction is scheduled for May 20th, with revenues typically reported a week later. This date will be helpful for assessing market confidence of the newly proposed regulations and their impact on GGRF. More auctions will be held August 19th and November 18th.

Members of this subcommittee may want to ask:

- Are there any legal requirements that dictate when CARB must adopt regulations by?

- What date will the regulations take effect if adopted as is on May 28th?
- Statute requires the state to reduce emissions to at least 40% below 1990 levels by 2030. The 2022 scoping plan estimated a 48% reduction by 2030, but the 2025 emissions inventory (based on data through 2023) shows roughly a roughly 16.4% reduction. These numbers from before federal attacks on our climate policies. Given these figures, is it CARB and LAO's opinion that the State will meet our 2030 climate reduction goals if these regulations are adopted?
- What is the total share of allowances dedicated to state revenue (GGRF)?
- Can you estimate the total GGRF revenue you anticipate in 2026-27, 2027-28, 2028-29, 2029-30?
- Can you estimate how the total funding available for utility climate credits may increase or decrease under the proposed regulations through 2030? How much does this average per Californian?

Manufacturing Decarbonization Incentive (MDI)

- Who is eligible for the Manufacturing Decarbonization Incentive (MDI)?
- How will the cost effectiveness of MDI projects be determined?
- How will these emissions reductions be verified?
- Will emissions reductions from MDI be prioritized in disadvantaged communities or extreme non-attainment air basins?
- The LCFS already incentivizes emissions reductions for transportation fuels (and the proposed Sustainable Aviation Fuel Tax credit would for jet fuel). How will CARB ensure that emissions reductions from transportation fuels are not double or triple counted under these various programs?
- Will MDI be used to subsidize fuels or emissions reductions outside of California?
- Why did CARB decide to award this funding as free allowances instead of a program funded through discretionary GGRF dollars?
- Will MDI fund any emissions reductions/activities eligible under the manufacturing tax credit or any other GGRF continuous appropriation?
- Given the LAO's analysis that the proposed regulations may cut GGRF funding in half, eliminating Tier 3 and part of the Legislature's discretionary funding, why are MDI incentives a better investment for the State than transit, AB 617, wildfire prevention, affordable housing, zero emission vehicles, etc.?

Non-Presentation Items

3125 California Tahoe Conservancy

Issue 1: California Natural Resources Agency (CNRA) Bond and Technical Proposals: Extensions of Liquidation (April Finance Letter)

An April Finance Letter (AFL) requests that Item 3125-492 be added to extend the period of liquidation for Item 3125-001-0140 (Environmental License Plate Fund (ELPF)), Budget Act of 2023, to June 30, 2027, to provide additional time for the completion of a contract to access legal library services. It is further requested that the period to liquidate encumbrances be extended for Item 3125-101-1018 (Lake Tahoe Science and Lake Improvement Account), Budget Act of 2021, to June 30, 2027, to allow additional time for completion of an active grant-funded project.

Staff Recommendation: Absent member questions or comments, staff recommends approving this item when the Subcommittee takes action.

3340 California Conservation Corps (CCC)

Issue 2: Auberry, New Residential Center: Demolition

An AFL requests that Item 3340-495 be added to effectuate the reversion of an appropriation from the Collins-Dugan CCC Reimbursement Account. This reversion is requested following the cancellation of the Auberry, New Residential Center project. The project was cancelled because of significant cost escalations and because CCC has determined that continuing this project no longer aligned with its mission.

Staff Recommendation: Absent member questions or comments, staff recommends approving this item when the Subcommittee takes action.

Issue 3: CNRA Bond and Technical Proposals: Proposition 68 Reversion

An AFL requests \$219,000 General Fund in 2026-27 and 2027-28 to support a temporary position to implement Chapter 724, Statutes of 2025 (SB 71). LCI will update guidance on California Environmental Quality Act (CEQA) exemptions for sustainable transportation projects, provide technical support, and determine a methodology and updated process for complying with the requirements to post an updated consumer price index (CPI) on LCI's website to assist with implementation.

Staff Recommendation: Absent member questions or comments, staff recommends approving this item when the Subcommittee takes action.

Issue 4: Agricultural Emergency Response (April Finance Letter)

An AFL requests that Item 3340-001-0318 (Collins-Dugan California Conservation Corps Reimbursement Account) be increased by \$600,000 annually in 2026-27 and 2027-28 to fund crews sponsored by the California Department of Food and Agriculture for emergency pest eradication activities.

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: CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriation (April Finance Letter)

An AFL requests that Item 3340-101-6088 be added in the amount of \$229,000 one-time in 2026-27 to provide certified local conservation corps grants. Affordability of this request is dependent on the corresponding reversion requested in the Department of Finance's capital outlay AFL (noted above).

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.

3480 Department of Conservation**Issue 6: CNRA Bond and Technical Proposals: Proposition 68 New Appropriations (April Finance Letter)**

An AFL requests that Item 3480-001-6088 be added in the amount of \$89,000 one-time in 2026-27 and \$161,000 in 2027-28 and ongoing for administration and management of new and ongoing agricultural land conservation easements and land improvement projects. It is also requested that Item 3480-101-6088 be added in the amount of \$1.52 million one-time for grants to acquire agricultural land conservation easements and conduct land improvement projects on conserved lands, with the funding available for encumbrance or expenditure until June 30, 2029.

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: CNRA Bond and Technical Proposals: Proposition 50 Watershed Program Implementation and Delivery (April Finance Letter)

An AFL requests that Item 3480-101-6031 be added in the amount of \$2.14 million one-time to fund new Multibenefit Land Repurposing Program grants, with the funding available for encumbrance or expenditure until June 30, 2029.

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: CNRA Bond and Technical Proposals: Proposition 50 Reappropriation (April Finance Letter)

An AFL requests that Item 3480-492 be amended to reappropriate Item 3480-001-6031, Budget Act of 2025 until June 30, 2030, to support the completion of water resilience projects through the Multibenefit Land Repurposing Program.

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 9: CNRA Bond and Technical Proposals: Proposition 50 Reversions (April Finance Letter)

An AFL requests that Item 3480-495 be added to revert the specified amounts in the following items. These reversions are intended to clean up prior Proposition 50 appropriations and partially support the new appropriation as noted above.

- Up to \$86,000 in Item 3480-101-6031, Budget Act of 2019
- Up to \$702,000 in Item 3480-001-6031, Budget Act of 2023
- Up to \$769,000 in Item 3480-001-6031, Budget Act of 2024

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.

3540 Department of Forestry and Fire Protection (CAL FIRE)

Issue 10: CNRA Bond and Technical Proposals: Urban and Community Forestry Grant Program Federal Trust Fund Authority Updates (April Finance Letter)

An AFL requests that Item 3540-002-0890 (Federal Trust Fund) be decreased by \$74,000 one-time in 2026-27 and Item 3540-101-0890 be eliminated in 2026-27. AB 107 (Gabriel), Chapter 5, Statutes of 2025, amended the 2025 Budget Act to accelerate the authorized expenditure of this funding into 2025-26. These requests reflect the corresponding offsetting adjustments in 2026-27. The net effect of the AB 107 amendments and these requests maintain the entire \$43.2 million of overall Federal Trust Fund expenditure authority for the Urban and Community Forestry Grant Program and allows for earlier expenditure of the funding.

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 11: CNRA Bond and Technical Proposals: Forest Products Lab Collection Agreement Reappropriation (April Finance Letter)

An AFL requests Item 3540-491 be added to reappropriate up to \$42,000 in Item 3540-001-3237, Budget Act of 2023, with funding available for encumbrance or expenditure until June 30, 2027. This reappropriation request is necessary to extend the contract with the University of Tennessee for a forest products lab collection agreement with the United States Forest Service Forest Products Lab.

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.

3600 Department of Fish and Wildlife

Issue 12: CNRA Bond and Technical Proposals: Reimbursement Fund Authority Increase (April Finance Letter)

An AFL requests that Item 3600-001-0001 (General Fund) be amended by increasing reimbursements by \$16.88 million in 2026-27, \$16.5 million in 2027-28, \$13.7 million in 2028-29, and \$6 million in 2029-30 and ongoing. This request is intended to support various local, state, private, and tribal reimbursement agreements aligned with the Biodiversity Conservation Program and include efforts such as Golden Mussel mitigation, permitting, and other activities.

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 13: CNRA Bond and Technical Proposals: Proposition 50 Appropriation (April Finance Letter)

An AFL requests that Item 3600-001-6031 be added in the amount of \$2 million one-time to support ecosystem restoration program implementation.

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 14: CNRA Bond and Technical Proposals: Proposition 84 Appropriation (April Finance Letter)

An AFL requests that Item 3600-001-6051 be added in the amount of \$724,000 one-time to support the Bay-Delta and Coastal Fishery Restoration programs.

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.

3760 State Coastal Conservancy

Issue 15: CNRA Bond and Technical Proposals: Proposition 50 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3760-001-6031 be increased by \$1.33 million one-time to support the administration and management of existing projects funded by Proposition 50.

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 16: CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3760-001-6088 be increased by \$2 million in 2026-27, \$1 million in 2027-28, \$501,000 in 2028-29, and \$41,000 in 2029-30 to support the administration and management of existing projects funded by Proposition 68.

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 17: CNRA Bond and Technical Proposals: Proposition 84 and Proposition 68 Local Assistance Reappropriations (April Finance Letter)

An AFL requests that Item 3760-490 be amended to extend the encumbrance period of Item 3760-101-6051 (Proposition 84), Budget Act of 2020, and Item 3760-101-6088 (Proposition 68), Budget Act of 2023, until June 30, 2029, to continue to support the Santa Ana River Conservancy program and Lower Overnight Coastal Accommodations program, respectively.

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.

3790 Department of Parks and Recreation**Issue 18: Winter Recreation Fund Program Support (April Finance Letter)**

An AFL requests that Item 3790-001-0449 (Winter Recreation Fund) be increased by \$101,000 in 2026-27 and ongoing to maintain the existing service level of Parks' winter recreation program, SNO-PARK Program. Funding is intended to support increased operating costs of the SNO-PARK Program and can be sustained by the Program revenues generated through SNO-PARK permit fees.

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 19: CNRA Bond and Technical Proposals: Proposition 50 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3790-001-6031 be increased by \$1.44 million one-time to support statewide bond costs associated with the close out of Proposition 50. Provisional language authorizing an extended encumbrance period until June 30, 2030, is requested for this item to align with the close out plan for Proposition 50.

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 20: CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3790-002-6088 be added in the amount of \$10.68 million one-time to support accelerated implementation of the Redwoods Rising Project in Humboldt and Del Norte Counties, among other projects. Provisional language is requested authorizing an extended encumbrance period until June 30, 2031.

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 21: CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriation (April Finance Letter)

An AFL requests that Item 3790-101-6088 be added in the amount of \$12.38 million one-time to support additional projects in the next round of the Statewide Park Program, with provisional language authorizing an extended encumbrance period until June 30, 2029.

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 22: CNRA Bond and Technical Proposals: Proposition 12 Reversion (April Finance Letter)

An AFL requests that Item 3790-496 be added to revert the unencumbered balance of Item 3790-002-0005, Budget Act of 2021, to align with the close out plan for Proposition 12.

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.

3825 San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC)

Issue 23: CNRA Bond and Technical Proposals: Federal Fund and Reimbursement Authority (April Finance Letter)

An AFL requests that Item 3825-001-0140 (ELPF) be amended to increase reimbursements by \$470,000 ongoing, Item 3825-101-0140 (ELPF) be added with reimbursements of \$15.2 million in 2026-27 and \$5 million ongoing, and Item 3825-101-0890 (Federal Trust Fund) be added in the amount of \$1 million ongoing, to provide authority to meet operational needs for interagency agreements, grants, and other funding awarded to RMC for purposes specified in various agreements from state, federal, and other sources.

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.

3850 Coachella Valley Mountains Conservancy

Issue 24: CNRA Bond and Technical Proposals: Proposition 84 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3850-001-6051 be added in the amount of \$27,000 one-time to provide for CVMC's administration, monitoring, and implementation of acquisition projects funded by Proposition 84.

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 25: CNRA Bond and Technical Proposals: Proposition 68 New Support Appropriation (April Finance Letter)

An AFL requests that Item 3850-001-6088 be increased but \$132,000 in 2026-27, \$176,000 in 2027-28, \$100,000 in 2028-29, and \$110,000 in 2029-30 to provide for CVMC's administration, monitoring, and implementation of active grants funded by Proposition 68.

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 26: CNRA Bond and Technical Proposals: Proposition 1 New Local Assistance Appropriation (April Finance Letter)

An AFL requests that Item 3850-101-6083 be added in the amount of \$1.6 million one-time to provide funding for CVMC grant programs or acquisition projects, with provisional language authorizing funds for local assistance or capital outlay with an extended encumbrance period until June 30, 2029.

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 27: CNRA Bond and Technical Proposals: Proposition 84 New Capital Outlay Appropriations (April Finance Letter)

An AFL requests that Item 3850-301-6051 be added in the amount of \$5.45 million one-time to provide funding for CVMC acquisition projects or grant programs, with provisional language authorizing funds for capital outlay or local assistance with an extended encumbrance period until June 30, 2029.

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.

3855 Sierra Nevada Conservancy**Issue 28: CNRA Bond and Technical Proposals: Proposition 68 New Local Assistance Appropriations (April Finance Letter)**

An AFL requests that Item 3855-101-6088 be added in the amount of \$375,000 one-time to fund wildfire and forest resilience grants through SNC's Watershed Improvement Program. It is also requested that Item 3855-102-6088 be added in the amount of \$450,000 one-time to fund grants through SNC's Watershed Improvement Program that align with its overall statutory purposes, including supporting sustainable recreation and tourism planning and infrastructure, and improve outdoor access for historically excluded communities.

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.

3860 Department of Water Resources

Issue 29: CNRA Bond and Technical Proposals: Proposition 50 Flood-Managed Aquifer Recharge (Flood-MAR) Technical Assistance (April Finance Letter)

An AFL requests that Item 3860-001-6031 be increased by \$1.45 million one-time to support the implementation of Flood-MAR pilot projects.

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 30: CNRA Bond and Technical Proposals: Proposition 68 Floodplain Management, Protection, and Risk Awareness – Technical Assistance (April Finance Letter)

An AFL requests that Item 3860-495 be amended to revert a total of \$5.65 million, as follows: \$1.96 million from the 2019 Budget Act, \$2.02 million from the 2020 Budget Act, and \$1.68 million from the 2021 Budget Act; and increase 3860-001-6088 be increased by \$5.65 million one-time to support technical assistance for the Floodplain Management, Protection, and Risk Awareness Program.

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 31: CNRA Bond and Technical Proposals: Proposition 68 Floodplain Management, Protection, and Risk Awareness – Planning and Monitoring (April Finance Letter)

An AFL requests that Item 3860-495 be amended to revert \$44,000 from the 2019 Budget Act and Item 3860-001-6088 be increased by \$44,000 one-time to support the Oroville Wildlife Area Robinson’s Riffle Restoration Project under the Floodplain Management, Protection, and Risk Awareness Program.

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 32: CNRA Bond and Technical Proposals: Delta Grants and Flood Emergency Preparedness, Response, and Recovery Program (April Finance Letter)

An AFL requests that Item 3860-495 be amended to revert \$800,000 from the 2022 Budget Act, and Item 3860-101-6083 (Proposition 1) be increased by \$800,000 one-time to support the Delta Grants and Flood Emergency Preparedness, Response, and Recovery Program.

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.

3875 Sacramento-San Joaquin Delta Conservancy

Issue 33: CNRA Bond and Technical Proposals: Proposition 1 Appropriation (April Finance Letter)

An AFL requests that Item 3875-001-6083 be increased in the amount of \$75,000 in 2026-27 and \$30,000 in 2027-28 to provide continued staff support for the administration of the grant program.

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 34: CNRA Bond and Technical Proposals: Proposition 68 Appropriation (April Finance Letter)

An AFL requests that Item 3875-101-6088 be increased by \$180,000 one-time and the encumbrance period be extended from June 30, 2028, to June 30, 2029, to fund projects that address recreation and tourism, historic and cultural preservation, and environmental education.

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 35: Proposition 4: Amendment to and Addition of Various Budget Bill Items, Support, and Local Assistance, Various Climate Bond (Proposition 4) Departments (April Finance Letters)

An AFL requests the following:

- **Office of Emergency Services:** Increase Item 0690-008-6093 be increased by \$1.03 million one-time and Item 0690-108-6093 be decreased by \$1.03 million one-time to provide technical assistance funding for the Wildfire Mitigation Grant Program.
- **CalFire:** Add Item 3540-491 to reappropriate Item 3540-107-6093 and Item 3540-108-6093 from the 2025 Budget Act, extending the encumbrance periods to June 30, 2027. The extension is intended to provide adequate time for CalFire to finalize contractual agreements with the Wildfire Conservancy and the California Fire Foundation, respectively.
- **State Coastal Conservancy:** Amend 3760-001-6093 to correct Schedule (1) to reflect the correct program name of “2790-Coastal Conservancy Programs.”
- **Santa Monica Mountains Conservancy:** Add Item 3810-490 to reappropriate the unencumbered administrative support dollars in Item 3810-004-6093 and Item 3810-005-6093 from the 2025 Budget Act, until June 30, 2028, to support administration and management of corresponding Proposition 4 local assistance appropriations made in the 2025 Budget Act. This adjustment is intended to align the encumbrance period of administrative support dollars with the encumbrance period of the associated local assistance items.
- **State Department of Education:** Add Item 6100-499 to revert Item 6100-001-6093 and Item 6100-101-6093, Budget Act of 2025. It is also requested that Item 6100-001-6093 be added in the amount of \$1.05 million onetime and Item 6100-101-6093 be added in the amount of \$13.84 million one-time to provide additional time for the Department of Education to coordinate with the Department of Food and Agriculture on implementation of Proposition 4 funding for grants to post-secondary education institutions to develop research farms to improve climate resiliency. This adjustment is also intended to align the encumbrance period of administrative support dollars with the encumbrance period of the associated local assistance item.

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.

3930 Department of Pesticide Regulation

Issue 36: California Environmental Protection Agency (CalEPA) Consolidated Administration (April Finance Letter)

An AFL requests that Item 3930-001-0106 (DPR Fund) be increased by \$64,000 ongoing to align with the department's portion of proposed consolidation of administrative activities under the CalEPA Office of the Secretary. The Governor's Budget proposes \$2.6 million ongoing resources split proportionately between the various Boards, Departments, and Offices within the agency. This request corrects a technical error.

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.

3940 State Water Resources Control Board

Issue 37: CalEPA Consolidated Administration (April Finance Letter)

An AFL requests the following items be decreased to align with SWRCB's portion of the proposed consolidation of administrative activities under CalEPA:

- Decrease Item 3940-001-0001 (General Fund) by \$48,000 in 2026-27 and \$10,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0193 (Waste Discharge Permit Fund) by \$320,000 in 2026-27, and \$68,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0306 (Safe Drinking Water Account) by \$84,000 in 2026-27, and \$18,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-0439 (Underground Storage Tank Cleanup Fund) by \$357,000 in 2026-27, and \$76,000 in 2027-28 and ongoing.
- Decrease Item 3940-001-3058 (Water Rights Fund) by \$65,000 in 2026-27, and \$14,000 in 2027-28 and ongoing.

This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

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.

3960 Department of Toxic Substances Control

Issue 38: CalEPA Consolidated Administration (April Finance Letter)

An AFL requests that Item 3960-001-0014 (Hazardous Waste Control Account) be increased by \$113,000 ongoing and Item 3960-001-0557 (Toxic Substances Control Account (TSCA)) be increased by \$113,000 ongoing to align with DTSC's portion of the proposed consolidation of administrative activities under the CalEPA Office of the Secretary. This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

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 39: CalEPA Bond and Technical Adjustments (April Finance Letter)

An AFL requests that Item 3960-001-0890 (Federal Trust Fund) be decreased by \$86,000 and Item 3960-101-0890 be increased by \$86,000 to align support and local assistance amounts with projected federal awards.

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 40: CalEPA Bond and Technical Adjustments (April Finance Letter)

An AFL requests that Item 3960-490 be amended to extend the encumbrance period from June 30, 2026, to June 30, 2028, for up to \$104,000 TSCA from the 2021 Budget Act, to remediate properties contaminated with lead in the communities surrounding the former Exide Technologies facility.

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.

3970 Department of Resources Recycling and Recovery (CalRecycle)

Issue 41: CalEPA Consolidated Administration (April Finance Letter)

An AFL requests that various items be decreased to align with CalRecycle's portion of the proposed consolidation of administrative activities under CalEPA, as follows:

- Item 3970-001-0001 (General Fund) be decreased by \$143,000 ongoing.
- Item 3970-001-0133 (California Beverage Container Recycling Fund (BCRF)) be decreased by \$496,000 ongoing.
- Item 3970-001-0226 (California Tire Recycling Management Fund) be decreased by \$96,000 ongoing.
- Item 3970-001-0387 (Integrated Waste Management Account) be decreased by \$104,000 ongoing.
- Item 3970-001-3065 (Electronic Waste Recovery and Recycling Account) be decreased by \$124,000 ongoing.

This request modifies the budget change proposal in the Governor's Budget to correct a technical error.

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 42: CalEPA Bond and Technical Adjustments (April Finance Letter)

An AFL requests that Item 3970-490 be added to extend the encumbrance period from June 30, 2027, to June 30, 2029, for up to \$5 million BCRF from the 2022 Budget Act, and up to \$3.6 million BCRF from the 2024 Budget Act, for recycling program start-up costs associated with mobile recycling, reverse-vending machines, and bag drop programs, as well as associated costs.

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.

3980 Office of Environmental Health Hazard Assessment

Issue 43: CalEPA Consolidated Administration (April Finance Letter)

An AFL requests adjustments to various items to align with OEHHA's portion of the proposed consolidation of administrative activities under CalEPA, as follows:

- Increase Item 3980-001-0001 (General Fund) by \$13,000 ongoing.
- Increase Item 3980-001-0044 (Motor Vehicle Account) by \$8,000 ongoing.
- Increase Item 3980-001-0106 (DPR Fund) by 4,000 ongoing.

This request modifies the budget change proposal for consolidated administration in the Governor's Budget to correct a technical error.

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.

0555 Secretary of the California Environmental Protection Agency

Issue 44: California Environmental Reporting System (CERS) Project (April Finance Letter)

An AFL requests Item 0555-001-0028 be increased by \$1,175,000 ongoing to align with updated cost projections to continue the implementation of CERS NextGen.

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 45: California Environmental Protection Agency (CalEPA) Bond and Technical Adjustments (April Finance Letter)

An AFL requests Item 0555-490 be added to extend the encumbrance period from June 30, 2025 to June 30, 2027, for up to \$300,000 Air Pollution Control Account from the 2023 Budget Act, to implement project portfolio management software tools to advance the maturity of Project Management Office and support strategy management.

0540 Secretary of the California Natural Resources Agency

Issue 46: Natural Resources Agency Bond and Technical Proposals: Various Reappropriations (April Finance Letter)

An AFL letter requests that Item 0540-491 be amended to extend the encumbrance period of Item 0540-101-0183, Budget Acts of 2014, 2020, 2022, and 2023 until June 30, 2028. Funding will support an additional round of grant awards for projects that mitigate environmental impacts from transportation facilities.

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 and Christine Miyashiro.