

Cap and Trade

Background

As part of the state's Global Warming Solutions Act (AB 32), California has developed a market-based cap and trade auction system to limit greenhouse gas (GHG) emissions. The system limits the amount of carbon released into our environment and generates revenue that is invested into programs that reduce GHGs.

The Governor's 2016-17 budget would spend \$3.1 billion in cap and trade revenues for programs that support clean transportation, reduce short-lived climate pollutants such as methane, protect ecosystems, and benefit disadvantaged communities. About \$700 million is from unspent auction revenues from 2015-16 and \$2.4 billion is from 2016-17.

CSAC is encouraged by the inclusion of a new program specific to local governments within the proposed cap and trade allocation. This program, called the Transformational Climate Communities Program, dedicates \$100 million to cross-cutting investments in the state's most disadvantaged communities for energy, transportation, water, waste reduction, and other GHG-reducing projects.

This new program would be administered by the Strategic Growth Council and largely reflects CSAC's advocacy work over the past several years to create a dedicated, cross-sector, local climate funding program.

County government also has access to several other funding opportunities within the cap and trade program, both existing programs—such as the Affordable Housing and Sustainable Communities Grant Program—and proposed new programs, including the Transformational Climate Communities Program mentioned above and a Forest Health and Tree Mortality allocation.

The Governor has also proposed a \$100 million increase to help fund infrastructure needed to divert organic materials out of landfills, especially important given the California Air Resources Board's Short-Lived Climate Pollutants Strategy, which seeks to recycle more organics.

Finally, the Governor included \$150 million to help local governments' work with state and federal agencies to mitigate the risk posed by drought-induced tree mortality epidemic.

Talking Points

- **CSAC supports the cap and trade allocation that prioritizes local governments,** especially those with disadvantaged communities and those that are behind the curve in addressing climate change, as proposed by the Governor.
- CSAC urges the Legislative to **approve funding for the new Transformational Climate Communities Program.**
- The Legislature should **allow disadvantaged communities outside of the Cal Environ Screen to be eligible** for this local program.
- **CSAC supports the proposed allocations** for the Affordable Housing and Sustainable Communities Grant Program, waste diversion, and Forest Health and Tree Morality.

