

ITEMS TO BE HEARD

VARIOUS DEPARTMENTS

ISSUE 1: ASSEMBLY CAP AND TRADE 2018-19 EXPENDITURE PLAN

The Governor's budget proposed a \$1.25 billion Cap and Trade Expenditure Plan consistent with the priorities specified in AB 398 (Eduardo Garcia, Chapter 135, Statutes of 2018), and the statutory requirements that at least 35 percent of expenditures benefit disadvantaged and low-income communities.

The May Revision augmented that proposal by adding \$26.8 million and 79 positions for CalFIRE, to complete additional fuel reduction projects and treat 60,000 acres per year. The May Revision also added \$20 million for the Natural Resources Agency, to provide block grants to support regional implementation of landscape-level forest restoration projects that leverage non-state funding.

The Assembly proposes the following 2018-19 Cap and Trade Expenditure Plan:

	2018-19 (In Millions)	
	Governor's Proposal	Assembly Proposal
Cap and Trade Expenditure Plan		
AB 617 Community Air Protection	\$250	\$250
Technical assistance to Community Groups	5	5
Clean Vehicle Rebate Project	175	175
HVIP Clean Truck Buses and Off Road Freight	160	150
Demonstration Projects		30
Pilot Projects		50
Enhanced Fleet Modernization	100	100
Low Carbon Fuel Production	25	0
Ag Diesel Engine Replacement and Upgrades	102	85
Ag Energy Efficiency	34	34
Healthy Soils	5	5
Renewable Energy	4	4
Healthy and Resilient Forests	160	160
Prescribed Fire and Fuel Reduction	26.8	26.8
Northern, Coastal, and Southern California Regional Forest Health Projects	20	20
Local Fire Response	25	25
Methane Reduction	99	99
Waste Diversion	20	40
Transformative Climate Communities	25	25
California Integrated Climate Investment Program	20	20

Energy Corps	6	6
CA Climate Change Technology and Solutions Initiative	35	35
Low income weatherization	0	20
SWEEP	0	5
Urban Forestry	0	20
Urban Greening	0	60
Wetlands	0	20
Coastal Adaptation	0	6
Natural Lands Adaptation	0	20
Ports	0	50
BEACON	0	1
Totals	\$1,296.8	\$1,546.8

STAFF COMMENTS

The Assembly's Cap and Trade plan largely builds on the Administration's proposal and makes additional investments in high-priority areas. The staff recommendation is to: (1) approve the Assembly's proposed Cap and Trade expenditure plan; (2) adopt placeholder trailer bill language; and (3) provisional language that does not allow the funding proposed for the ports to be used to purchase fully automated cargo handling equipment.

Staff Recommendation: Approve the Assembly Cap and Trade Expenditure Plan and adopt placeholder trailer bill language and provisional language.
