



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

**BOARD OF DIRECTORS
LEGISLATIVE COMMITTEE MEETING**

COMMITTEE MEMBERS

**BRAD WAGENKNECHT - CHAIRPERSON
JOHN AVALOS
SCOTT HAGGERTY**

**KAREN MITCHOFF - VICE CHAIR
JOHN GIOIA
DAVID HUDSON
SHIRLEE ZANE**

**MONDAY
MARCH 21, 2016
9:30 A.M.**

**7th FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109**

AGENDA

1. CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members. The Committee Chair shall lead the Pledge of Allegiance.

2. PUBLIC COMMENT PERIOD

(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at Air District headquarters, 939 Ellis Street, San Francisco, California 94109, and on the Air District's website www.baaqmd.gov at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's authority. Speakers will be limited to three (3) minutes each.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx> at the time of the meeting.

Staff/Phone (415) 749-

3. APPROVAL OF THE MINUTES OF MARCH 30, 2015 AND OCTOBER 26, 2015

Clerk of the Boards/5073

The Committee will consider approving the attached draft minutes of the Legislative Committee meeting of March 30, 2015 and October 26, 2015.

4. CONSIDERATION OF NEW BILLS

**J. Roggenkamp/4646
jroggenkamp@baaqmd.gov**

The Committee will discuss and review new bills, and take positions where appropriate.

5. **COMMITTEE MEMBERS' COMMENTS/OTHER BUSINESS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may; ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

6. **TIME AND PLACE OF NEXT MEETING – AT THE CALL OF THE CHAIR**

7. **ADJOURNMENT**

The Committee meeting shall be adjourned by the Committee Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Legislative Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- **Accessibility and Title VI:** The Air District provides services and accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Board matters. For accommodations or translations assistance, please call 415-749-5016 at least three days in advance of a meeting, so that arrangements can be made accordingly.

Accesibilidad y Título VI: El Distrito del Aire ofrece servicios y realiza las adaptaciones necesarias para las personas con discapacidades y para las personas con un dominio limitado del inglés siempre que estos servicios se soliciten y se deseen tratar asuntos relacionados con la Junta. Si necesita ayuda con algún tipo de adaptación o traducción, llame al 415-749-5016 como mínimo tres días antes de la reunión de manera que puedan realizarse las adaptaciones necesarias.

Magagamit na Tulong at Título VI: Nagbibigay ang Air District ng mga serbisyo at mga akomodasyon, kapag hiniling, sa mga taong may kapansanan at mga taong limitado ang kakayahan sa Ingles na gustong magpahayag tungkol sa mga usapin sa harap ng Lupon. Para sa mga tulong sa akomodasyon o sa pagsasalin, mangyaring tumawag sa 415-749-5016 nang tatlong araw man lamang na una pa sa miting, para makapaghanda ayon sa pangangailangan.

可及度及標題VI：空氣管理局根據申請為殘障人士和英語熟練程度有限但卻希望參與董事會事宜的人員提供服務和住宿。關於住宿或者翻譯幫助，請至少在會議之前三天致電 415-749-5016，以便作出相應安排。

Tạo Khả Năng Truy Cập và Chương VI: Đặc Khu cung cấp dịch vụ và phương tiện đáp ứng, khi có yêu cầu, cho những người bị khuyết tật và cho những cá nhân không thông thạo Anh ngữ muốn được tham gia các vấn đề của Hội Đồng. Để được phương tiện đáp ứng hoặc trợ giúp phiên dịch, xin gọi số 415-749-5016 ít nhất ba ngày trước khi có hội thảo, để tiện bố trí các phương tiện

Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

MARCH 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other Month)</i>	Thursday	17	9:30 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	21	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> -CANCELLED	Monday	21	10:30 a.m.	Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Monday	21	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> -CANCELLED	Thursday	24	9:30 a.m.	Board Room
Board of Directors Public Engagement Committee <i>(At the Call of the Chair)</i>	Thursday	24	9:30 a.m.	Board Room

APRIL 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	6	9:45 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	11	9:30 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	18	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	10:30 a.m.	Board Room

APRIL 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	27	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	28	9:30 a.m.	Board Room

MAY 2016

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	10:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other month)</i>	Thursday	19	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

HL – 3/14/16 (4:50 p.m.)

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: March 3, 2016

Re: Approval of the Minutes of March 30, 2015 and October 26, 2015

RECOMMENDED ACTION

Approve the attached draft minutes of the Legislative Committee (Committee) meetings of March 30, 2015 and October 26, 2015.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meetings of March 30, 2015 and October 26, 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher and Vanessa Johnson
Reviewed by: Maricela Martinez

Attachment A: Draft Minutes of the Committee Meeting of March 30, 2015
Attachment B: Draft Minutes of the Committee Meeting of October 26, 2015

AGENDA 3 – ATTACHMENT

Draft Minutes – Legislative Committee Meeting of March 30, 2015

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Legislative Committee Meeting
Monday, March 30, 2015

1. CALL TO ORDER – ROLL CALL

Vice-Chairperson Brad Wagenknecht called the meeting to order at 9:38 a.m.

Present: Chairperson Tom Bates; Vice-Chairperson Brad Wagenknecht; and Directors Scott Haggerty, David Hudson and Karen Mitchoff.

Absent: Directors John Avalos and John Gioia.

Also Present: None.

2. PUBLIC COMMENT PERIOD

Jed Holtzman, 350 Bay Area, addressed the Legislative Committee (Committee) in gratitude for the quickened pace of the Committee meeting schedule.

3. CONSIDERATION OF NEW BILLS AND LEGISLATIVE UPDATE [OUT OF ORDER AGENDA ITEM 4]

Thomas Addison, Senior Policy Advisor, delivered the staff report *Consideration of New Bills and Legislative Update*, including discussion and review of new bills.

NOTED PRESENT: Chairperson Bates was noted present at 9:41 a.m.

Committee Comments:

The Committee and staff discussed the staff review of new bills; whether Assembly Bill (AB) 280 Brown would completely bar attorney involvement in the small claims process; and additional details regarding AB 1059 E. Garcia, including its impact on CalEnviroScreen, the reasoning behind the staff recommendation, and what Air District staff are doing to achieve the sought after amendments.

NOTED PRESENT: Director Haggerty was noted present at 10:06 a.m.

Public Comments: No requests received.

Committee Action:

Director Wagenknecht made a motion, seconded by Director Mitchoff, to recommend the Board of Directors (Board) adopt the following positions:

- AB 23 Patterson: Oppose
- AB 280 Brown: Support
- AB 720 Cooley: Oppose
- AB 742 Gallagher: Oppose
- AB 777 Harper: Oppose
- AB 945 Ting: Support if amended
- AB 1059 E. Garcia: Oppose unless amended and direct staff to communicate the same to the author
- AB 1176 Perea: Oppose
- Senate Bill (SB) 1 Gaines: Oppose
- SB 5 Vidak: Oppose
- SB 513 Beall: Support

The motion carried by the following vote of the Committee:

- AYES: Bates, Haggerty, Hudson, Mitchoff and Wagenknecht.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Avalos and Gioia.

Committee Comments (continued):

The Committee and staff discussed the subject matter of AB 450 McCarty and staff's reasoning for not proposing a position; whether it would be worthwhile to consider taking positions on AB 761 Levine, AB 1068 T. Allen and AB 1345 Dahle at the next Committee meeting; the subject matter and implications of the passage of SB 786 Allen; the schedules of the State legislature and the Committee; how staff should handle updates to the Committee when a bill that the District has previously adopted a position on either progresses or changes significantly; tentative future meeting date; and the large number of bills regarding cap-and-trade revenue.

Committee Action (continued):

Director Wagenknecht made a motion, seconded by Director Mitchoff, to recommend the Board approve support of bills equivalent to SB 32 Pavley and SB 350 De Leon, which would respectively extend AB 32 and the Renewable Portfolio Standard beyond 2020, as such bills move forward; and the motion carried by the following vote of the Committee:

- AYES: Bates, Haggerty, Hudson, Mitchoff and Wagenknecht.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Avalos and Gioia.

4. APPROVAL OF THE MINUTES OF FEBRUARY 26, 2015 [AGENDA ITEM 3]

Committee Comments: None.

Public Comments: No requests received.

Committee Action:

Director Mitchoff made a motion, seconded by Director Hudson, to approve the minutes of February 26, 2015; and the motion carried by the following vote of the Committee:

AYES: Bates, Haggerty, Hudson, Mitchoff and Wagenknecht.
NOES: None.
ABSTAIN: None.
ABSENT: Avalos and Gioia.

5. COMMITTEE MEMBERS' COMMENTS / OTHER BUSINESS: None.

6. TIME AND PLACE OF NEXT MEETING

At the call of the Chairperson.

7. ADJOURNMENT: The meeting adjourned at 10:21 a.m.

Sean Gallagher
Clerk of the Boards

AGENDA 3 – ATTACHMENT

Draft Minutes – Legislative Committee Meeting of October 26, 2015

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109
(415) 749-5073

DRAFT MINUTES

Summary of Board of Directors
Legislative Committee Meeting
Monday, October 26, 2015

1. CALL TO ORDER – ROLL CALL

Chairperson Tom Bates called the meeting to order at 10:30 a.m.

Present: Chairperson Tom Bates; and Directors David Hudson and Karen Mitchoff.

Absent: Vice-Chairperson Brad Wagenknecht; and Directors John Avalos and John Gioia, and Scott Haggerty.

Also Present: None.

2. **PUBLIC COMMENT PERIOD:** No requests received.

3. APPROVAL OF THE MINUTES OF MARCH 30, 2015

Committee Comments: None.

Public Comments: No requests received.

Committee Action: None; due to lack of quorum.

4. REVIEW OF THE 2015 LEGISLATIVE YEAR

Thomas Addison, Senior Policy Advisor, delivered the staff report *Review of the 2015 Legislative Year* and discussed general trends in both the State Assembly and State Legislature. Specifically, the Air District sponsored Senate Bill (SB) 773 authored by Ben Allen, on the subject matter of unregistered vehicles. Mr. Addison stated the SB 773 did not move beyond the Assembly Transportation Committee. The bill is anticipated in early 2016.

Public Comments: None.

Committee Comments:

The Committee and staff discussed the staff review of 2015 legislative year. The Committee discussed enforcement of vehicle registration. The Committee requested staff prepare a letter

addressed to the Assembly and Legislature urging University of California (UC) for their support on the enforcement of vehicle registration. The Committee inquired about bills for the upcoming 2016 legislative year, which was not agendaized and will be included at the next meeting of the Legislative Committee. The Committee requested staff provide input on upcoming topics for 2016.

Jack Broadbent, Executive Officer/APCO informed the Committee of the intent to include the renewal of the Commuter Benefits program, which expires at the end of 2016. The Commuter Benefits program is currently a pilot program, in which the Air District is required to provide an update to the Legislature. The Committee Chair expressed an interest in coal fired electricity, as a topic of discussion at a future meeting.

Director Hudson inquired about Assembly Bill (AB) 678 O'Donnell, the Energy Efficient Ports Program and why it failed passage. The Committee requested a follow up report on this topic.

Damian Breen, Deputy Air Pollution Control Officer, stated the first components of the Cap and Trade monies of the Goods Movement Bond funds are currently being appropriated. Mr. Breen informed the Committee that the Air District is looking at the improvements that have been made in Los Angeles to reduce emissions.

The Executive Officer/APCO informed the Committee of its intent for discussion on a list of ideas to electrify the port, as well as explore funding alternatives.

Public Comments: No requests received.

Committee Action: None.

5. COMMITTEE MEMBERS' COMMENTS / OTHER BUSINESS: None.

6. TIME AND PLACE OF NEXT MEETING

At the call of the Chairperson.

7. ADJOURNMENT: The meeting adjourned at 11:10 a.m.

Vanessa Johnson
Senior Executive Secretary

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2016

Re: Consideration of New Bills

RECOMMENDED ACTION

The Committee will discuss new bills, and recommend positions to the Board of Directors where appropriate.

BACKGROUND

The Legislature responded to their February 19, 2016 introduction deadline with a host of new bills. Those with fiscal implications for the state have a deadline of April 22, 2016, to clear policy committees, while the non-fiscal bills have a deadline of May 6, 2016. Thus most of the new proposals will have initial policy committee hearings in the next six weeks. Staff have selected some of these measures for consideration by the Committee, and recommended positions as discussed below. A copy of the text of these bills is attached. Additionally, a much larger list of measures of air quality relevance is also attached. Staff will likely recommend the Air District take positions on some of these additional measures as their authors work to refine and tighten the initial language.

Generally, there are relatively few bills introduced this year that attack Air Resources Board (ARB) or Air District programs. That is a significant change from the recent past. Many of the air quality measures can be grouped by category. Perhaps the largest such category is bills that seek to direct cap-and-trade revenues to a very wide variety of projects. Last year, almost all such measures ultimately were held in the appropriations committees, and cap-and-trade funding decisions were made in the budget process. Many legislators are hoping to influence budget discussions with their cap-and-trade bills, even if the bills ultimately are not signed.

Another key category of legislation is bills that target funding or programs to disadvantaged communities (DAC's), or address environmental justice. DAC's are defined through the CalEnviroScreen (CES) tool developed by the Office of Environmental Health Hazard Assessment, a California Environmental Protection (CalEPA) agency. SB 535 of 2012, which the Air District supported, directs a minimum of 25% of cap-and-trade revenues to disadvantaged communities. The Air District has repeatedly expressed detailed concerns that CES fails to identify some of the most severely disadvantaged communities in the state,

including such communities located in the Bay Area. Staff will continue to articulate that perspective to the Bay Area delegation.

Two other categories of note include a series of bills designed to both address consequences and prevent recurrences of methane leaks from underground storage facilities, such as occurred from the Aliso Canyon facility in southern California. There are also a host of bills designed to encourage the production and use of bio-methane.

Lastly, staff note that per the Board’s direction, the Air District is sponsoring both SB 773 (authored by Senator Ben Allen), and SB 1128 (authored by Senator Steve Glazer). SB 773 deals with unregistered vehicles, was introduced last year, and is expected to be heard in the Assembly Transportation Committee in June. SB 1128 extends the successful Bay Area Commuter Benefit Program, is co-sponsored by the Metropolitan Transportation Commission, and is expected to have its first hearing in the Senate Transportation and Housing Committee in April.

NEW BILLS WITH RECOMMENDED POSITIONS

BILL AND AUTHOR	SUBJECT	STAFF RECOMMENDATION
AB 1685 Gomez	Legislative intent to increase civil penalties for vehicle manufacturers violating emissions standards	Support
AB 2292 Gordon	Requires OEHHA to add population density to CalEnviroscreen	Support in concept
ACR 112 Hadley	Thanks ARB for working to uncover VW emissions defeat device cheating	Support
SB 1239 Gaines	Exempts 1976 through 1980 model year vehicles from smog check	Oppose
SB 1383 Lara	Requires ARB plan to cut short-lived climate pollutants specified amounts by 2030; focus on areas disproportionately affected by poor air quality and consideration for disadvantaged communities	Support if amended
SB 1441 Leno	PUC to disallow leaking natural gas emissions in rate-setting; ARB to count such emissions against compliance obligations of gas corporations	Support
	CLEAN PORT BILLS:	
AB 1657 O’Donnell	Zero- and Near-Zero Emission Intermodal Terminals Program; cap-and-trade funds to clean ports	Support in Concept
AB 2055 Gibson	Reserves 25% of GO-Biz tax credits for companies investing in zero- or near-zero emissions infrastructure	Support in Concept

	at marine terminals	
AB 2841 Allen	Allows public financing (using Infrastructure Bank) of port infrastructure projects, including zero- and near-zero equipment and related infrastructure	Support in Concept
SB 1338 Lara	Eliminates state sales tax on purchase of zero- and near-zero emissions technology at seaports, from 2017 through 2030	Support in Concept

ANALYSES

AB 1685 is authored by Assembly member Jimmy Gomez (D-Los Angeles), and is a response to the recent Volkswagen emissions scandal. VW’s light-duty diesel vehicles were engineered with a ‘defeat device’ to allow emissions to greatly exceed legal limits when driven on the road, yet to appear to be compliant during emissions testing.

The Health and Safety Code has penalty provisions that apply to automobile manufacturers who engage in such behavior, stipulating a maximum penalty per vehicle of \$5,000. This amount exceeded the price of a typical new vehicle when it was enacted in statute roughly four decades ago. Today, however, it represents only a small portion of a new vehicle’s price, and thus its deterrent effect has been substantially reduced. The District has sponsored legislation in the past, both successful (AB 1865-Perata, 2000) and unsuccessful (AB 1433-Leno, 2010) to increase air penalties, which continue to lose ground to inflation every year. Given your history in this area, staff recommends a ‘**Support**’ position for AB 1685.

AB 2292 is authored by Assembly member Rich Gordon (D-Menlo Park). Assembly member Gordon until recently chaired the Bay Area Caucus, and he has been active in leading efforts to improve CES. He met with CalEPA Secretary Matt Rodriquez in February to express his concerns that many communities that by any meaningful measure are some of the most disadvantaged in the state are not identified as DAC’s under the version of the CES tool in use today. This bill as introduced specifies that a new variable, population density, be added to the existing 19 variables in CES. The Assembly member has requested that District staff help him understand the impacts of this bill. His intention is to improve the CES tool so it can better identify DAC’s, which is a goal that the District has also actively worked towards. Thus staff recommend a ‘**Support in Concept**’ position as we work with the author.

ACR 112, authored by Assembly member David Hadley (R-Manhattan Beach), is another response to the Volkswagen emissions scandal. It is intended by the author to commend and acknowledge ARB for their hard work in collaboration with West Virginia University and the International Council on Clean Transportation that helped to uncover the scandal. While work to resolve the emissions consequences of the defeat devices is still underway, the magnitude of the illegal emissions, and their public health consequences, are substantial. Staff concur that ARB is to be commended for their work, and recommend a ‘**Support**’ position on the measure.

SB 1239 is authored by Senator Ted Gaines (R-Roseville), and is sponsored by the Association of California Car Clubs. They contend that 1976 to 1980 vehicles are classic cars, are few in

number, drive minimal miles, and thus are not significant sources of emissions. This bill would exempt those vehicles from the Smog Check program. Data from the Bureau of Automotive Repair and ARB, on the other hand, indicate that these older vehicles are highly emitting, numerous, and comprise a significant share of the light-duty mobile source inventory. Furthermore, without the Smog Check program, emissions from these vehicles would increase substantially.

The Air District sponsored the 2004 legislation (AB 2683-Lieber) that ended the ill-conceived so-called ‘rolling 30-year exemption’. Prior to the Lieber bill, when vehicles turned 30 years old, and were most in need of the emissions benefits of Smog Check, they were exempted from the program. AB 2683 required that 1976 and later vehicles would remain subject to Smog Check. The District has opposed a number of efforts since 2004 very similar to this measure, and staff recommend an **‘Oppose’** position on SB 1239.

SB 1383, authored by Senator Ricardo Lara (D-Bell Gardens), focuses on cutting California emissions of short-lived climate pollutants. Specifically, it would require the ARB to adopt and implement a strategy to cut methane, hydrofluorocarbons, and anthropogenic black carbon. The mandated reductions below 2013 levels to be achieved by 2030 for these compounds are respectively 40%, 40%, and 50%. Staff note that ARB is already statutorily required to develop plans to cut these pollutants, and the specific reductions in SB 1383 are the targets currently slated for regulatory adoption by ARB later this year. Nevertheless, SB 1383 is seen by many observers as perhaps the most significant climate measures this year, and staff anticipate that this bill will be heavily lobbied.

The bill does require that ARB consider, when adopting the strategy, “public health benefits... particularly in disadvantaged communities”. The intent language also states that “to the extent possible”, the focus of reductions should be “on areas disproportionately affected by poor air quality”. Given the region’s concerns over disadvantaged communities and the failure of CES to identify such communities, the initial phrase is problematic. Additionally, while the region suffers from exceedingly high levels of exposure to diesel exhaust and thus black carbon, “poor air quality” has traditionally referred to levels of criteria pollutants rather than toxic air contaminants. Thus, staff recommend a **‘Support if Amended’** position, with amendments sought to ensure that Bay Area residents are able to benefit from the planned reductions.

SB 1441 is authored by Senator Mark Leno (D-San Francisco), and is another bill dealing with a short-lived climate pollutant. It targets fugitive and vented methane emissions, using market forces to cut them. It builds on Senator Leno’s SB 1371 of 2014, which the District supported, which had the Public Utilities Commission (PUC) develop a plan for the utilities to find and fix leaks from their network of natural gas distribution pipelines.

Today, gas utilities are allowed a ‘leak rate’ by the PUC, and the value of the lost methane is recovered from ratepayers. This bill would create financial incentives to stop leaks, since it would disallow billing ratepayers for the value of the leaked gas. Staff recommend a **‘Support’** position.

Finally, four bills are designed to reduce costs and accelerate the introduction of zero- and near-zero emissions technology at California's ports, through various financial strategies. These are **AB 1657**, **AB 2055**, **AB 2841**, and **SB 1338**. These are respectively authored by Patrick O'Donnell (D-Long Beach), Mike Gibson (D-Carson), Travis Allen (R-Huntington Beach), and Ricardo Lara (D-Bell Gardens). To cut costs of the clean equipment, they respectively use cap-and-trade funds, GO-Biz tax credits, the Infrastructure Bank, and state sales tax. The Air District has long endorsed efforts to cut emissions from the multitude of pollution sources at the Port of Oakland, because of the health impacts to adjacent communities. Furthermore, the District has supported a variety of incentive programs to accelerate reductions above and beyond regulatory requirements. Thus, staff recommend a '**Support in Concept**' position on these four bills.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison
Reviewed by: Jean Roggenkamp
Attachment: BAAQMD Bill Discussion List

BAAQMD BILL DISCUSSION LIST

March 2016

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION (Positions in italics are staff recommendations)
AB 1550	Gomez	Changes current cap-and-trade allocation from 10% within disadvantaged communities and 25% to benefit disadvantaged communities, to 25% within disadvantaged communities and 25% to benefit low-income communities.		
AB 1555	Gomez	Intent to distribute \$1.7B of cap-and-trade funds.		
AB 1591	Frazier	Transportation funding proposal, with increased fees, including funding from cap-and-trade funds.		
AB 1657	O'Donnell	Zero- and Near-Zero Emission Intermodal Terminals Program; cap-and-trade funds to clean ports.		<i>Support in Concept</i>
AB 1685	Gomez	Intent to increase civil penalties for vehicle manufacturers violating standards.		<i>Support</i>
AB 1691	Gibson	Changes Enhanced Fleet Modernization Program; 10,000 vehicles annually to be retired in disadvantaged communities.		
AB 1698	Hadley	Ends utility surcharge for renewable energy (EPIC) program; creates replacement using cap-and-trade funds.		
AB 1710	Calderon	ARB to develop a plan to drastically increase the use of advanced technology light-duty vehicles, with an emphasis on disadvantaged communities.		
AB 1717	Hadley	Spot bill on Air Quality Improvement Program and ARFVT program.		
AB 1759	Bonta	Effectively prohibits use of hydrofluoric acid at oil refineries.		
AB 1780	Medina	Directs 25% of cap-and-trade funds to Sustainable Trade Corridors Program.		
AB 1815	Alejo	Requires ARB to provide technical assistance funding to disadvantaged communities and communities at or below 80% of the median income.		
AB 1832	Dahle	Renewable portfolio standard spot bill.		
AB 1851	Gray	Air Quality Improvement Program spot bill.		
AB 1886	McCarty	Loosens requirements for transit priority projects to receive CEQA exemption.		

AB 1902	Wilk	Increases time for civil actions against Aliso Canyon natural gas leak.		
AB 1903	Wilk	Requires state report on long-term health impacts of Aliso Canyon leak.		
AB 1905	Wilk	Requires independent study of natural gas storage and injection practices.		
AB 1937	Gomez	CEC not to certify 50 megawatt or greater fossil power plants if non-fossil alternatives are possible.		
AB 1964	Bloom	Extends sunset from 2019 to 2029 for HOV lane access for clean vehicles.		
AB 1965	Cooper	Expands Enhanced Fleet Modernization Program, focusing on disadvantaged communities.		
AB 1973	Campos	States intent to spend cap-and-trade funds for local educational agencies to do energy efficiency projects.		
AB 2055	Gibson	Reserves 25% of GO-Biz tax credits for companies investing in zero or near-zero emissions infrastructure at marine terminals.		<i>Support in Concept</i>
AB 2066	Lackey	Requires service stations to display cost-per-gallon to comply with cap-and-trade requirements, as calculated by the CEC.		
AB 2090	Alejo	Allows cap-and-trade funds currently allocated to Low Carbon Transit Operations Program to fund existing transit where a fiscal emergency exists.		
AB 2109	Dahle	Spot bill on AB 32 requirements for state agencies.		
AB 2145	Linder	Reduces vehicle license fee paid by low- and moderate-income recipients of incentives under the Enhanced Fleet Modernization Program.		
AB 2146	Patterson	Directs \$200M of cap-and-trade funds to reduce forest fire emissions.		
AB 2170	Frazier	Directs federal freight funds to 1B's Trade Corridors Improvement Fund.		
AB 2181	Brown	Requires accounting in the bidding process for GHG emissions from energy-intensive products used in state-funded infrastructure.		
AB 2206	Williams	Authorizes California Council on Science and Technology to conduct a study of biomethane and issues with using it with existing gas supply pipelines.		
AB 2222	Holden	Puts \$50M annually of cap-and-trade funds into Transit Pass Program for public school students, with 50% in disadvantaged communities.		
AB 2223	Gray	Puts \$100M annually of cap-and-trade funds for payment of electricity generated from manure digesters.		
AB 2276	Brown	Spot bill on Affordable Housing and Sustainable Communities Program.		
AB 2292	Gordon	Requires OEHHA to add population density to CalEnviroscreen.		<i>Support in Concept</i>

AB 2293	C. Garcia	Requires ARB to develop a technical assistance program to assist small disadvantaged communities to apply for and receive cap-and-trade funds.		
AB 2332	E. Garcia	Requires recipients of state transportation funds to prioritize projects providing mobility and safety benefits to disadvantaged communities.		
AB 2343	C. Garcia	Changes current law from spending 10% of cap-and-trade funds in disadvantaged communities to 10% in small cities in these communities.		
AB 2415	E. Garcia	Requires cap-and-trade funded Clean Truck, Bus, and Offroad Vehicle program to allocate \$100M annually to technology meeting certain standards, and requires increasing amount of renewable fuel use for funded projects.		
AB 2426	Low	Spot bill on Alternative and Renewable Fuel and Vehicle Technology program.		
AB 2432	Brown	Requires CalTrans to plan to address inefficiencies in truck freight network.		
AB 2452	Quirk	Prohibits courts from blocking transportation projects solely based on GHGs.		
AB 2564	Cooper	Income eligibility requirements for Clean Vehicle Rebate Project.		
AB 2576	Gray	Pays \$20M annually of cap-and-trade funds to recycled glass makers.		
AB 2585	Williams	Legislative intent to encourage production and use of bio-methane.		
AB 2653	E. Garcia	Requires state agency reporting on cap-and-trade spending, including actions to connect disadvantaged community members with economic benefits.		
AB 2673	Harper	Exempts hydrogen refueling station equipment from sales tax.		
AB 2702	Atkins	Legislative intent to continue work to meet Under 2 MOU on climate strategy		
AB 2715	E. Garcia	Creates Agricultural Working Poor Energy Efficient Housing Program, and urges at least \$25M of cap-and-trade funds be spent annually on the program.		
AB 2722	Burke	Creates Transformative Climate Communities Program for disadvantaged communities, using \$250M of cap-and-trade funds .		
AB 2769	Patterson	Spot bill on renewable portfolio standard.		
AB 2781	E. Garcia	Requires 10% of CalEPA agency enforcement actions to go to Supplemental Environmental Projects in disadvantaged communities.		
AB 2783	E. Garcia	Changes cap-and-trade funded Affordable Housing and Sustainable Communities Program's net density definition.		
AB 2829	Baker	Spot bill on Carl Moyer program.		
AB 2841	Allen	Allows public financing (using Infrastructure Bank) of port infrastructure projects, including zero- and near-zero equipment and related infrastructure.		<i>Support in Concept</i>

ACR 112	Hadley	Thanks ARB for working to uncover VW emissions cheating.		<i>Support</i>
SB 32	Pavley	Requires GHG emissions to be 40% of 1990 levels by 2030.		Support
SB 773	Allen	UC to study vehicle registration fraud.	Assembly Transportation	Sponsor
SB 824	Beall	Increases flexibility for transit agency recipients of cap-and-trade funds through the Low Carbon Transit Operations Program.		
SB 887	Pavley	Increases regulation of natural gas storage wells, including increases monitoring to be developed by ARB in consultation with air districts.		
SB 888	Allen	Requires that penalties for natural gas leaks be used for GHG reductions, and not be recoverable from ratepayers by the natural gas corporation.		
SB 925	Gaines	Spot bill on ARB.		
SB 970	Leyva	Regional Integrated Organics Diversion and Beneficial Utilization Act; pilot program on food waste diversion, prioritizing disadvantaged communities.		
SB 1000	Leyva	Adds mandatory environmental justice element to City& County general plans.		
SB 1030	McGuire	Eliminates sunset of Sonoma Regional Climate Protection Authority.		
SB 1043	Allen	Requires ARB to adopt policies to significantly increase the production and use of biogas and bio-methane.		
SB 1128	Glazer	Eliminates sunset on Bay Area Commuter Benefit Program.		Co-sponsor
SB 1153	Cannella	California Renewable Natural Gas Act (bio-methane feed-in tariff at PUC).		
SB 1213	Wieckowski	Allocates \$20M annually for Bio-solids to Clean Energy grant program; also one-time \$12M allocation for Bay Area bio-solids to clean energy project.		
SB 1239	Gaines	Exempts 1976 through 1980 model year vehicles from smog check.		<i>Oppose</i>
SB 1277	Hancock	Prohibits coal shipment through the former Oakland Army Base.		
SB 1278	Hancock	Requires every public agency with discretionary approval of anything related to coal shipment through the Port of Oakland to prepare an EIR.		
SB 1279	Hancock	Prohibits ports next to disadvantaged communities from receiving state funds from CTC if the port exports coal.		
SB 1280	Hancock	Effectively requires CEQA lead agency to prohibit port coal shipment, or fully mitigate the GHG emissions from the burning the shipped coal.		
SB 1301	Hertzberg	Requires 25% of revenues from auction of GHG allowances by a gas corporation to go towards clean energy and energy efficiency projects.		

SB 1338	Lara	Eliminates state sales tax on purchase of zero- and near-zero-emissions technology at seaports, from 2017 through 2030.		<i>Support in Concept</i>
SB 1350	Wolk	\$20M of cap-and-trade funds for Healthy Soils Program, for on-farm reductions of GHG emissions.		
SB 1383	Lara	Requires ARB plan to cut short-lived climate pollutants specified amounts below 2013 levels by 2030; focus on areas disproportionately affected by poor air quality, and consideration for disadvantaged communities.		<i>Support if Amended</i>
SB 1386	Wolk	Declares protection and management of natural and working lands key part of GHG emission reduction goals.		
SB 1398	Leyva	Spot bill on percentage of cap-and-trade funds to disadvantaged communities.		
SB 1402	Pavley	Allows cap-and-trade funds to encourage production of low-carbon alternative fuels, with preference to disadvantaged communities.		
SB 1405	Pavley	Spot bill on state plan to increase alternative fuel use.		
SB 1425	Pavley	Spot bill on Alternative and Renewable Fuel and Vehicle Technology program.		
SB 1430	Pavley	Legislative intent for ARB to reassert state standards if federal tailpipe standards are weakened in midterm review.		
SB 1441	Leno	PUC to disallow vented and fugitive natural gas emissions in setting rates, and ARB to count such emissions against compliance obligation of gas corps.		<i>Support</i>
SB 1443	Galgiani	Spot bill on GHG market-based compliance mechanisms.		
SB 1464	De Leon	Requires ARB to add local agencies to those who must be consulted during development of AB 32 GHG emission reduction strategies.		
SB ####*	De Leon	Increases SCAQMD Board from 13 to 16, with new public health Governor's appointee, and new environmental justice Speaker and Pro Tem appointees.	*This bill is not yet in print.	

ASSEMBLY BILL

No. 1657

Introduced by Assembly Member O'Donnell

January 13, 2016

An act to add Chapter 4.3 (commencing with Section 39740) to Part 2 of Division 26 of the Health and Safety Code, and to add Chapter 8.9 (commencing with Section 25790) to Division 15 of the Public Resources Code, relating to air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1657, as introduced, O'Donnell. Air pollution: public ports and intermodal terminals.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

This bill would establish the Zero- and Near-Zero-Emission Intermodal Terminals Program to be administered by the state board to fund equipment upgrades and investments at intermodal terminals, as defined, to help transition the state's freight system to be zero-emission and near-zero-emission operations. The bill would authorize the program to be implemented with moneys from the Greenhouse Gas Reduction Fund.

(2) Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to administer various programs to award grants and other financial assistance for energy-related projects.

This bill would establish the Port Building and Lighting Efficiency Greenhouse Gas Reduction Fund Program to be administered by the commission for the purpose of funding energy efficiency upgrades and investments at public ports that help reduce electrical load and increase on-site renewable generation. The bill would authorize the program to be implemented with moneys from the Greenhouse Gas Reduction Fund.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4.3 (commencing with Section 39740)
2 is added to Part 2 of Division 26 of the Health and Safety Code,
3 to read:

4
5 CHAPTER 4.3. ZERO- AND NEAR-ZERO-EMISSION INTERMODAL
6 TERMINALS PROGRAM
7

8 39740. For purposes of this section, “intermodal terminal” has
9 the same meaning as defined in the California Freight Mobility
10 Plan developed by the Transportation Agency.

11 39742. (a) The Zero- and Near-Zero-Emission Intermodal
12 Terminals Program is hereby established to be administered by
13 the state board to fund equipment upgrades and investments at
14 intermodal terminals to help transition the state’s freight system
15 to be zero-emission and near-zero-emission operations.

16 (b) Moneys from the Greenhouse Gas Reduction Fund, created
17 pursuant to Section 16428.8 of the Government Code, shall be
18 available, upon appropriation by the Legislature, to implement this
19 chapter consistent with paragraph (1) of subdivision (c) of Section
20 39712.

21 39744. Eligible projects shall include, but need not be limited
22 to, any of the following:

1 (a) The early deployment of zero-emission and
2 near-zero-emission equipment that handles the transfer of cargo
3 at intermodal terminals.

4 (b) The installation of infrastructure necessary for the
5 deployment of zero-emission and near-zero-emission equipment,
6 including, but not limited to, fueling infrastructure at intermodal
7 terminals.

8 (c) Other projects that facilitate the transition of cargo handling
9 equipment to zero-emission and near-zero-emission equipment.

10 39746. The state board shall develop and adopt program
11 guidelines that do all of the following:

12 (a) Are consistent with the California Global Warming Solutions
13 Act of 2006 (Division 25.5 (commencing with Section 38500))
14 and the Greenhouse Gas Reduction Fund Investment Plan and
15 Communities Revitalization Act (Chapter 4.1 (commencing with
16 Section 39710)).

17 (b) Include baseline equipment eligibility with respect to the
18 types of equipment that will satisfy the zero-emission and
19 near-zero-emission requirement, subject to feasibility requirements
20 adopted by the state board.

21 (c) Establish limits on award amounts so that no one project or
22 entity receives more than 50 percent of the program funding.

23 39748. In allocating moneys pursuant to this chapter, the state
24 board shall consider all of the following:

25 (a) The impact of the investment on freight system efficiency.

26 (b) The degree to which the investment facilitates transition of
27 the freight system to zero or near-zero emissions.

28 (c) The impact on the cost and competitiveness of the state's
29 freight sector.

30 (d) The reduction of greenhouse gases.

31 SEC. 2. Chapter 8.9 (commencing with Section 25790) is added
32 to Division 15 of the Public Resources Code, to read:

33

34 CHAPTER 8.9. PORT BUILDING AND LIGHTING EFFICIENCY
35 GREENHOUSE GAS REDUCTION FUND PROGRAM
36

37 25790. (a) The Port Building and Lighting Efficiency
38 Greenhouse Gas Reduction Fund Program is hereby established
39 to be administered by the commission for the purpose of funding
40 energy efficiency upgrades and investments at public ports that

1 help reduce electrical load and increase on-site renewable
2 generation.

3 (b) Moneys from the Greenhouse Gas Reduction Fund, created
4 pursuant to Section 16428.8 of the Government Code, shall be
5 available, upon appropriation by the Legislature, to implement this
6 chapter consistent with paragraph (1) of subdivision (c) of Section
7 39712 of the Health and Safety Code.

8 25792. Eligible projects shall include, but need not be limited
9 to, any of the following:

10 (a) The installation of renewable technologies at marine
11 terminals and at warehouses and other freight facilities at public
12 ports.

13 (b) The replacement of conventional lighting at public ports.

14 (c) The implementation of energy efficiency measures that
15 reduce grid-based energy demand from operations at public ports.

16 (d) Other projects that add to the electrification of public ports
17 and reduce greenhouse gases.

18 25794. The commission shall develop and adopt program
19 guidelines that are consistent with the California Global Warming
20 Solutions Act of 2006 (Division 25.5 (commencing with Section
21 38500)).

22 25796. (a) To receive funding pursuant to this chapter, all of
23 the following shall occur:

24 (1) A public port shall develop and adopt, in consultation with
25 the respective electrical corporation, as defined in Section 218 of
26 the Public Utilities Code, or local publicly owned electric utility,
27 as defined in Section 224.3 of the Public Utilities Code, providing
28 service to the port, an energy plan that meets all of the following
29 criteria:

30 (A) (i) Is reviewed and approved by the commission.

31 (ii) The commission shall require any proposed changes to be
32 made before approving the plan.

33 (B) Adheres to the state's preferred energy loading order and
34 requires benchmarking for energy retrofit projects and the reporting
35 of measurable energy savings.

36 (2) The project applicant shall demonstrate that the project will
37 achieve a reduction in greenhouse gases.

38 (b) In prioritizing projects for awarding funding, the commission
39 shall consider the extent to which a project would reduce emissions
40 of greenhouse gases and provide environmental and public health

1 cobenefits, including, but not limited to, improved air and water
2 quality.

3 SEC. 3. This act is an urgency statute necessary for the
4 immediate preservation of the public peace, health, or safety within
5 the meaning of Article IV of the Constitution and shall go into
6 immediate effect. The facts constituting the necessity are:

7 In order to implement at the earliest possible time programs to
8 provide incentives for the transition of goods movement equipment
9 to zero- and near-zero-emission technology and the reduction of
10 greenhouse gases at public ports, it is necessary for this act to take
11 effect immediately.

O

ASSEMBLY BILL

No. 1685

Introduced by Assembly Member Gomez

January 20, 2016

An act to relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1685, as introduced, Gomez. New motor vehicles: emission standards: civil penalties.

Existing law requires the State Air Resources Board to adopt and implement standards for the control of emissions from new motor vehicles that the state board finds to be necessary and technologically feasible. Existing law prohibits a new motor vehicle from being sold in the state that does not meet the emissions standards adopted by the state board. Existing law provides that any manufacturer who sells, attempts to sell, or causes to be offered for sale a new motor vehicle that fails to meet the applicable emission standards shall be subject to a civil penalty of \$5,000 for each such action.

This bill would declare the intent of the Legislature to enact legislation that would update civil penalties to ensure state law provides appropriate penalties, accounting for the intent of the violator, for introducing into commerce in California vehicles that do not meet emission standards adopted by the state board.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature to enact
2 legislation that would update civil penalties to ensure state law
3 provides appropriate penalties, accounting for the intent of the
4 violator, for introducing into commerce in California vehicles that
5 do not meet emission standards adopted by the State Air Resources
6 Board.

O

ASSEMBLY BILL

No. 2055

Introduced by Assembly Member Gipson

February 17, 2016

An act to amend Sections 17059.2 and 23689 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2055, as introduced, Gipson. Income taxation: credits: California competes.

Existing law allows a credit against the taxes imposed under the Corporation Tax Law and the Personal Income Tax Law for each taxable year beginning on or after January 1, 2014, and before January 1, 2025, in an amount as provided in a written agreement between the Governor's Office of Business and Economic Development and the taxpayer, agreed upon by the California Competes Tax Credit Committee, and based on specified factors, including the number of jobs the taxpayer will create or retain in the state and the amount of investment in the state by the taxpayer. Existing law limits the aggregate amount of credits allocated to taxpayers to a specified sum per fiscal year through 2017–18 and reserves 25% of that amount for small businesses, as defined. Existing law authorizes the Director of Finance to increase the aggregate amount of the economic development credits that may be allocated to taxpayers each fiscal year by \$25 million per fiscal year through the 2017–18 fiscal year.

This bill would, beginning in the 2018–19 fiscal year, reserve 25% of the aggregate amount of credits for taxpayers that make qualified sustainable freight investments, as defined, and would require the Franchise Tax Board to review the books and records of these taxpayers

to ensure compliance with the taxpayer’s written agreement with GO-Biz. The bill would also make findings relating to California’s seaports and harbors and zero-emissions and near-zero-emissions technology.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Our state’s waterfront has infrastructure needs that cannot
4 be met by private investment alone, and therefore public financing
5 mechanisms are required to build the new public works needed to
6 support new commercial and industrial development in our seaports
7 and harbors. This need is compounded by the additional expenses
8 which accompany investment in the next generation of
9 zero-emissions and near-zero-emissions equipment and supporting
10 infrastructure at marine terminals in California’s public ports.

11 (b) The seaports and harbors of California are valuable assets
12 of the state that provide special maritime, navigational, recreational,
13 cultural, and historical benefits to the people of the state and the
14 management and development of these seaports and harbors are
15 matters of statewide significance. The investment in the state’s
16 seaports and harbors by providing a financing mechanism, through
17 the use of tax credits, is a matter of statewide importance that will
18 further the purposes of the public trust.

19 (c) This legislation is necessary to further incentivize the earliest
20 possible investment in, and adoption of, zero-emissions and
21 near-zero-emissions technology at California’s public seaports.
22 Companies should be encouraged to take on the additional costs
23 of purchasing and maintaining zero-emissions equipment and
24 supporting infrastructure in partnership with the state to achieve
25 the state’s emissions reduction goals.

26 SEC. 2. Section 17059.2 of the Revenue and Taxation Code
27 is amended to read:

28 17059.2. (a) (1) For each taxable year beginning on and after
29 January 1, 2014, and before January 1, 2025, there shall be allowed
30 as a credit against the “net tax,” as defined in Section 17039, an

1 amount as determined by the committee pursuant to paragraph (2)
2 and approved pursuant to Section 18410.2.

3 (2) The credit under this section shall be allocated by GO-Biz
4 with respect to the 2013–14 fiscal year through and including the
5 2017–18 fiscal year. The amount of credit allocated to a taxpayer
6 with respect to a fiscal year pursuant to this section shall be as set
7 forth in a written agreement between GO-Biz and the taxpayer and
8 shall be based on the following factors:

9 (A) The number of jobs the taxpayer will create or retain in this
10 state.

11 (B) The compensation paid or proposed to be paid by the
12 taxpayer to its employees, including wages and fringe benefits.

13 (C) The amount of investment in this state by the taxpayer.

14 (D) The extent of unemployment or poverty in the area
15 according to the United States Census in which the taxpayer’s
16 project or business is proposed or located.

17 (E) The incentives available to the taxpayer in this state,
18 including incentives from the state, local government, and other
19 entities.

20 (F) The incentives available to the taxpayer in other states.

21 (G) The duration of the proposed project and the duration the
22 taxpayer commits to remain in this state.

23 (H) The overall economic impact in this state of the taxpayer’s
24 project or business.

25 (I) The strategic importance of the taxpayer’s project or business
26 to the state, region, or locality.

27 (J) The opportunity for future growth and expansion in this state
28 by the taxpayer’s business.

29 (K) The extent to which the anticipated benefit to the state
30 exceeds the projected benefit to the taxpayer from the tax credit.

31 (3) The written agreement entered into pursuant to paragraph
32 (2) shall include:

33 (A) Terms and conditions that include the taxable year or years
34 for which the credit allocated shall be allowed, a minimum
35 compensation level, and a minimum job retention period.

36 (B) Provisions indicating whether the credit is to be allocated
37 in full upon approval or in increments based on mutually agreed
38 upon milestones when satisfactorily met by the taxpayer.

- 1 (C) Provisions that allow the committee to recapture the credit,
- 2 in whole or in part, if the taxpayer fails to fulfill the terms and
- 3 conditions of the written agreement.
- 4 (b) For purposes of this section:
- 5 (1) “Committee” means the California Competes Tax Credit
- 6 Committee established pursuant to Section 18410.2.
- 7 (2) “GO-Biz” means the Governor’s Office of Business and
- 8 Economic Development.
- 9 (c) For purposes of this section, GO-Biz shall do the following:
- 10 (1) Give priority to a taxpayer whose project or business is
- 11 located or proposed to be located in an area of high unemployment
- 12 or poverty.
- 13 (2) Negotiate with a taxpayer the terms and conditions of
- 14 proposed written agreements that provide the credit allowed
- 15 pursuant to this section to a taxpayer.
- 16 (3) Provide the negotiated written agreement to the committee
- 17 for its approval pursuant to Section 18410.2.
- 18 (4) Inform the Franchise Tax Board of the terms and conditions
- 19 of the written agreement upon approval of the written agreement
- 20 by the committee.
- 21 (5) Inform the Franchise Tax Board of any recapture, in whole
- 22 or in part, of a previously allocated credit upon approval of the
- 23 recapture by the committee.
- 24 (6) Post on its Internet Web site all of the following:
- 25 (A) The name of each taxpayer allocated a credit pursuant to
- 26 this section.
- 27 (B) The estimated amount of the investment by each taxpayer.
- 28 (C) The estimated number of jobs created or retained.
- 29 (D) The amount of the credit allocated to the taxpayer.
- 30 (E) The amount of the credit recaptured from the taxpayer, if
- 31 applicable.
- 32 (d) For purposes of this section, the Franchise Tax Board shall
- 33 do all of the following:
- 34 (1) (A) Except as provided in subparagraph (B), review the
- 35 books and records of all taxpayers allocated a credit pursuant to
- 36 this section to ensure compliance with the terms and conditions
- 37 of the written agreement between the taxpayer and GO-Biz.
- 38 (B) In the case of a taxpayer that is a “small business,” as
- 39 defined in Section 17053.73, review the books and records of the
- 40 taxpayer allocated a credit pursuant to this section to ensure

1 compliance with the terms and conditions of the written agreement
2 between the taxpayer and GO-Biz when, in the sole discretion of
3 the Franchise Tax Board, a review of those books and records is
4 appropriate or necessary in the best interests of the state.

5 (2) Notwithstanding Section 19542:

6 (A) Notify GO-Biz of a possible breach of the written agreement
7 by a taxpayer and provide detailed information regarding the basis
8 for that determination.

9 (B) Provide information to GO-Biz with respect to whether a
10 taxpayer is a “small business,” as defined in Section 17053.73.

11 (e) In the case where the credit allowed under this section
12 exceeds the “net tax,” as defined in Section 17039, for a taxable
13 year, the excess credit may be carried over to reduce the “net tax”
14 in the following taxable year, and succeeding five taxable years,
15 if necessary, until the credit has been exhausted.

16 (f) Any recapture, in whole or in part, of a credit approved by
17 the committee pursuant to Section 18410.2 shall be treated as a
18 mathematical error appearing on the return. Any amount of tax
19 resulting from that recapture shall be assessed by the Franchise
20 Tax Board in the same manner as provided by Section 19051. The
21 amount of tax resulting from the recapture shall be added to the
22 tax otherwise due by the taxpayer for the taxable year in which
23 the committee’s recapture determination occurred.

24 (g) (1) The aggregate amount of credit that may be allocated
25 in any fiscal year pursuant to this section and Section 23689 shall
26 be an amount equal to the sum of subparagraphs (A), (B), and (C),
27 less the amount specified in subparagraphs (D) and (E):

28 (A) Thirty million dollars (\$30,000,000) for the 2013–14 fiscal
29 year, one hundred fifty million dollars (\$150,000,000) for the
30 2014–15 fiscal year, and two hundred million dollars
31 (\$200,000,000) for each fiscal year from 2015–16 to 2017–18,
32 inclusive.

33 (B) The unallocated credit amount, if any, from the preceding
34 fiscal year.

35 (C) The amount of any previously allocated credits that have
36 been recaptured.

37 (D) The amount estimated by the Director of Finance, in
38 consultation with the Franchise Tax Board and the State Board of
39 Equalization, to be necessary to limit the aggregation of the
40 estimated amount of exemptions claimed pursuant to Section

1 6377.1 and of the amounts estimated to be claimed pursuant to
2 this section and Sections 17053.73, 23626, and 23689 to no more
3 than seven hundred fifty million dollars (\$750,000,000) for either
4 the current fiscal year or the next fiscal year.

5 (i) The Director of Finance shall notify the Chairperson of the
6 Joint Legislative Budget Committee of the estimated annual
7 allocation authorized by this paragraph. Any allocation pursuant
8 to these provisions shall be made no sooner than 30 days after
9 written notification has been provided to the Chairperson of the
10 Joint Legislative Budget Committee and the chairpersons of the
11 committees of each house of the Legislature that consider
12 appropriation, or not sooner than whatever lesser time the
13 Chairperson of the Joint Legislative Budget Committee, or his or
14 her designee, may determine.

15 (ii) In no event shall the amount estimated in this subparagraph
16 be less than zero dollars (\$0).

17 (E) (i) For the 2015–16 fiscal year and each fiscal year
18 thereafter, the amount of credit estimated by the Director of Finance
19 to be allowed to all qualified taxpayers for that fiscal year pursuant
20 to subparagraph (A) or subparagraph (B) of paragraph (1) of
21 subdivision (c) of Section 23636.

22 (ii) If the amount available per fiscal year pursuant to this section
23 and Section 23689 is less than the aggregate amount of credit
24 estimated by the Director of Finance to be allowed to qualified
25 taxpayers pursuant to subparagraph (A) or subparagraph (B) of
26 paragraph (1) of subdivision (c) of Section 23636, the aggregate
27 amount allowed pursuant to Section 23636 shall not be reduced
28 and, in addition to the reduction required by clause (i), the
29 aggregate amount of credit that may be allocated pursuant to this
30 section and Section 23689 for the next fiscal year shall be reduced
31 by the amount of that deficit.

32 (iii) It is the intent of the Legislature that the reductions specified
33 in this subparagraph of the aggregate amount of credit that may
34 be allocated pursuant to this section and Section 23689 shall
35 continue if the repeal dates of the credits allowed by this section
36 and Section 23689 are removed or extended.

37 (2) (A) In addition to the other amounts determined pursuant
38 to paragraph (1), the Director of Finance may increase the
39 aggregate amount of credit that may be allocated pursuant to this
40 section and Section 23689 by up to twenty-five million dollars

1 (\$25,000,000) per fiscal year through the 2017–18 fiscal year. The
2 amount of any increase made pursuant to this paragraph, when
3 combined with any increase made pursuant to paragraph (2) of
4 subdivision (g) of Section 23689, shall not exceed twenty-five
5 million dollars (\$25,000,000) per fiscal year through the 2017–18
6 fiscal year.

7 (B) It is the intent of the Legislature that the Director of Finance
8 increase the aggregate amount under subparagraph (A) in order to
9 mitigate the reduction of the amount available due to the credit
10 allowed to all qualified taxpayers pursuant to subparagraph (A) or
11 (B) of paragraph (1) of subdivision (c) of Section 23636.

12 (3) Each fiscal year, 25 percent of the aggregate amount of the
13 credit that may be allocated pursuant to this section and Section
14 23689 shall be reserved for ~~small business~~, “*small business*,” as
15 defined in Section 17053.73 or 23626.

16 (4) Each fiscal year, no more than 20 percent of the aggregate
17 amount of the credit that may be allocated pursuant to this section
18 shall be allocated to any one taxpayer.

19 (5) (A) *Each fiscal year, beginning with the 2018–19 fiscal*
20 *year, 25 percent of the aggregate amount of the credit that may*
21 *be allocated pursuant to this section and Section 23689 shall be*
22 *reserved for taxpayers that make qualified sustainable freight*
23 *investments.*

24 (B) *For purposes of this paragraph, “qualified sustainable*
25 *freight investment” means the purchase or installation, or a*
26 *proposed future purchase or installation, of zero-emissions and*
27 *near-zero-emissions equipment and supporting infrastructure for*
28 *use by or at a marine terminal in a California seaport.*

29 (C) *For purposes of this paragraph, the Franchise Tax Board*
30 *shall review the books and records of the taxpayer allocated a*
31 *credit amount pursuant to this paragraph to ensure compliance*
32 *with the terms and agreements of the written agreement and notify*
33 *GO-Biz of a possible breach of the written agreement by a taxpayer*
34 *and provide detailed information regarding the basis for that*
35 *determination.*

36 (h) GO-Biz may prescribe rules and regulations as necessary to
37 carry out the purposes of this section. Any rule or regulation
38 prescribed pursuant to this section may be by adoption of an
39 emergency regulation in accordance with Chapter 3.5 (commencing

1 with Section 11340) of Part 1 of Division 3 of Title 2 of the
2 Government Code.

3 (i) A written agreement between GO-Biz and a taxpayer with
4 respect to the credit authorized by this section shall comply with
5 existing law on the date the agreement is executed.

6 (j) (1) Upon the effective date of this section, the Department
7 of Finance shall estimate the total dollar amount of credits that
8 will be claimed under this section with respect to each fiscal year
9 from the 2013–14 fiscal year to the 2024–25 fiscal year, inclusive.

10 (2) The Franchise Tax Board shall annually provide to the Joint
11 Legislative Budget Committee, by no later than March 1, a report
12 of the total dollar amount of the credits claimed under this section
13 with respect to the relevant fiscal year. The report shall compare
14 the total dollar amount of credits claimed under this section with
15 respect to that fiscal year with the department’s estimate with
16 respect to that same fiscal year. If the total dollar amount of credits
17 claimed for the fiscal year is less than the estimate for that fiscal
18 year, the report shall identify options for increasing annual claims
19 of the credit so as to meet estimated amounts.

20 (k) This section is repealed on December 1, 2025.

21 SEC. 3. Section 23689 of the Revenue and Taxation Code is
22 amended to read:

23 23689. (a) (1) For each taxable year beginning on and after
24 January 1, 2014, and before January 1, 2025, there shall be allowed
25 as a credit against the “tax,” as defined in Section 23036, an amount
26 as determined by the committee pursuant to paragraph (2) and
27 approved pursuant to Section 18410.2.

28 (2) The credit under this section shall be allocated by GO-Biz
29 with respect to the 2013–14 fiscal year through and including the
30 2017–18 fiscal year. The amount of credit allocated to a taxpayer
31 with respect to a fiscal year pursuant to this section shall be as set
32 forth in a written agreement between GO-Biz and the taxpayer and
33 shall be based on the following factors:

34 (A) The number of jobs the taxpayer will create or retain in this
35 state.

36 (B) The compensation paid or proposed to be paid by the
37 taxpayer to its employees, including wages and fringe benefits.

38 (C) The amount of investment in this state by the taxpayer.

- 1 (D) The extent of unemployment or poverty in the area
- 2 according to the United States Census in which the taxpayer's
- 3 project or business is proposed or located.
- 4 (E) The incentives available to the taxpayer in this state,
- 5 including incentives from the state, local government, and other
- 6 entities.
- 7 (F) The incentives available to the taxpayer in other states.
- 8 (G) The duration of the proposed project and the duration the
- 9 taxpayer commits to remain in this state.
- 10 (H) The overall economic impact in this state of the taxpayer's
- 11 project or business.
- 12 (I) The strategic importance of the taxpayer's project or business
- 13 to the state, region, or locality.
- 14 (J) The opportunity for future growth and expansion in this state
- 15 by the taxpayer's business.
- 16 (K) The extent to which the anticipated benefit to the state
- 17 exceeds the projected benefit to the taxpayer from the tax credit.
- 18 (3) The written agreement entered into pursuant to paragraph
- 19 (2) shall include:
 - 20 (A) Terms and conditions that include the taxable year or years
 - 21 for which the credit allocated shall be allowed, a minimum
 - 22 compensation level, and a minimum job retention period.
 - 23 (B) Provisions indicating whether the credit is to be allocated
 - 24 in full upon approval or in increments based on mutually agreed
 - 25 upon milestones when satisfactorily met by the taxpayer.
 - 26 (C) Provisions that allow the committee to recapture the credit,
 - 27 in whole or in part, if the taxpayer fails to fulfill the terms and
 - 28 conditions of the written agreement.
 - 29 (b) For purposes of this section:
 - 30 (1) "Committee" means the California Competes Tax Credit
 - 31 Committee established pursuant to Section 18410.2.
 - 32 (2) "GO-Biz" means the Governor's Office of Business and
 - 33 Economic Development.
 - 34 (c) For purposes of this section, GO-Biz shall do the following:
 - 35 (1) Give priority to a taxpayer whose project or business is
 - 36 located or proposed to be located in an area of high unemployment
 - 37 or poverty.
 - 38 (2) Negotiate with a taxpayer the terms and conditions of
 - 39 proposed written agreements that provide the credit allowed
 - 40 pursuant to this section to a taxpayer.

- 1 (3) Provide the negotiated written agreement to the committee
- 2 for its approval pursuant to Section 18410.2.
- 3 (4) Inform the Franchise Tax Board of the terms and conditions
- 4 of the written agreement upon approval of the written agreement
- 5 by the committee.
- 6 (5) Inform the Franchise Tax Board of any recapture, in whole
- 7 or in part, of a previously allocated credit upon approval of the
- 8 recapture by the committee.
- 9 (6) Post on its Internet Web site all of the following:
- 10 (A) The name of each taxpayer allocated a credit pursuant to
- 11 this section.
- 12 (B) The estimated amount of the investment by each taxpayer.
- 13 (C) The estimated number of jobs created or retained.
- 14 (D) The amount of the credit allocated to the taxpayer.
- 15 (E) The amount of the credit recaptured from the taxpayer, if
- 16 applicable.
- 17 (d) For purposes of this section, the Franchise Tax Board shall
- 18 do all of the following:
- 19 (1) (A) Except as provided in subparagraph (B), review the
- 20 books and records of all taxpayers allocated a credit pursuant to
- 21 this section to ensure compliance with the terms and conditions
- 22 of the written agreement between the taxpayer and GO-Biz.
- 23 (B) In the case of a taxpayer that is a “small business,” as
- 24 defined in Section 23626, review the books and records of the
- 25 taxpayer allocated a credit pursuant to this section to ensure
- 26 compliance with the terms and conditions of the written agreement
- 27 between the taxpayer and GO-Biz when, in the sole discretion of
- 28 the Franchise Tax Board, a review of those books and records is
- 29 appropriate or necessary in the best interests of the state.
- 30 (2) Notwithstanding Section 19542:
- 31 (A) Notify GO-Biz of a possible breach of the written agreement
- 32 by a taxpayer and provide detailed information regarding the basis
- 33 for that determination.
- 34 (B) Provide information to GO-Biz with respect to whether a
- 35 taxpayer is a “small business,” as defined in Section 23626.
- 36 (e) In the case where the credit allowed under this section
- 37 exceeds the “tax,” as defined in Section 23036, for a taxable year,
- 38 the excess credit may be carried over to reduce the “tax” in the
- 39 following taxable year, and succeeding five taxable years, if
- 40 necessary, until the credit has been exhausted.

1 (f) Any recapture, in whole or in part, of a credit approved by
2 the committee pursuant to Section 18410.2 shall be treated as a
3 mathematical error appearing on the return. Any amount of tax
4 resulting from that recapture shall be assessed by the Franchise
5 Tax Board in the same manner as provided by Section 19051. The
6 amount of tax resulting from the recapture shall be added to the
7 tax otherwise due by the taxpayer for the taxable year in which
8 the committee's recapture determination occurred.

9 (g) (1) The aggregate amount of credit that may be allocated
10 in any fiscal year pursuant to this section and Section 17059.2 shall
11 be an amount equal to the sum of subparagraphs (A), (B), and (C),
12 less the amount specified in subparagraphs (D) and (E):

13 (A) Thirty million dollars (\$30,000,000) for the 2013–14 fiscal
14 year, one hundred fifty million dollars (\$150,000,000) for the
15 2014–15 fiscal year, and two hundred million dollars
16 (\$200,000,000) for each fiscal year from 2015–16 to 2017–18,
17 inclusive.

18 (B) The unallocated credit amount, if any, from the preceding
19 fiscal year.

20 (C) The amount of any previously allocated credits that have
21 been recaptured.

22 (D) The amount estimated by the Director of Finance, in
23 consultation with the Franchise Tax Board and the State Board of
24 Equalization, to be necessary to limit the aggregation of the
25 estimated amount of exemptions claimed pursuant to Section
26 6377.1 and of the amounts estimated to be claimed pursuant to
27 this section and Sections 17053.73, 17059.2, and 23626 to no more
28 than seven hundred fifty million dollars (\$750,000,000) for either
29 the current fiscal year or the next fiscal year.

30 (i) The Director of Finance shall notify the Chairperson of the
31 Joint Legislative Budget Committee of the estimated annual
32 allocation authorized by this paragraph. Any allocation pursuant
33 to these provisions shall be made no sooner than 30 days after
34 written notification has been provided to the Chairperson of the
35 Joint Legislative Budget Committee and the chairpersons of the
36 committees of each house of the Legislature that consider
37 appropriation, or not sooner than whatever lesser time the
38 Chairperson of the Joint Legislative Budget Committee, or his or
39 her designee, may determine.

1 (ii) In no event shall the amount estimated in this subparagraph
2 be less than zero dollars (\$0).

3 (E) (i) For the 2015–16 fiscal year and each fiscal year
4 thereafter, the amount of credit estimated by the Director of Finance
5 to be allowed to all qualified taxpayers for that fiscal year pursuant
6 to subparagraph (A) or subparagraph (B) of paragraph (1) of
7 subdivision (c) of Section 23636.

8 (ii) If the amount available per fiscal year pursuant to this section
9 and Section 17059.2 is less than the aggregate amount of credit
10 estimated by the Director of Finance to be allowed to qualified
11 taxpayers pursuant to subparagraph (A) or subparagraph (B) of
12 paragraph (1) of subdivision (c) of Section 23636, the aggregate
13 amount allowed pursuant to Section 23636 shall not be reduced
14 and, in addition to the reduction required by clause (i), the
15 aggregate amount of credit that may be allocated pursuant to this
16 section and Section 17059.2 for the next fiscal year shall be reduced
17 by the amount of that deficit.

18 (iii) It is the intent of the Legislature that the reductions specified
19 in this subparagraph of the aggregate amount of credit that may
20 be allocated pursuant to this section and Section 17059.2 shall
21 continue if the repeal dates of the credits allowed by this section
22 and Section 17059.2 are removed or extended.

23 (2) (A) In addition to the other amounts determined pursuant
24 to paragraph (1), the Director of Finance may increase the
25 aggregate amount of credit that may be allocated pursuant to this
26 section and Section 17059.2 by up to twenty-five million dollars
27 (\$25,000,000) per fiscal year through the 2017–18 fiscal year. The
28 amount of any increase made pursuant to this paragraph, when
29 combined with any increase made pursuant to paragraph (2) of
30 subdivision (g) of Section 17059.2, shall not exceed twenty-five
31 million dollars (\$25,000,000) per fiscal year through the 2017–18
32 fiscal year.

33 (B) It is the intent of the Legislature that the Director of Finance
34 increase the aggregate amount under subparagraph (A) in order to
35 mitigate the reduction of the amount available due to the credit
36 allowed to all qualified taxpayers pursuant to subparagraph (A) or
37 (B) of paragraph (1) of subdivision (c) of Section 23636.

38 (3) Each fiscal year, 25 percent of the aggregate amount of the
39 credit that may be allocated pursuant to this section and Section

1 17059.2 shall be reserved for “small business,” as defined in
2 Section 17053.73 or 23626.

3 (4) Each fiscal year, no more than 20 percent of the aggregate
4 amount of the credit that may be allocated pursuant to this section
5 shall be allocated to any one taxpayer.

6 (5) (A) *Each fiscal year, beginning with the 2018–19 fiscal*
7 *year, 25 percent of the aggregate amount of the credit that may*
8 *be allocated pursuant to this section and Section 23689 shall be*
9 *reserved for taxpayers that make qualified sustainable freight*
10 *investments.*

11 (B) *For purposes of this paragraph, “qualified sustainable*
12 *freight investment” means the purchase or installation, or a*
13 *proposed future purchase or installation, of zero-emissions and*
14 *near-zero-emissions equipment and supporting infrastructure for*
15 *use by or at a marine terminal in a California seaport.*

16 (C) *For purposes of this paragraph, the Franchise Tax Board*
17 *shall review the books and records of the taxpayer allocated a*
18 *credit amount pursuant to this paragraph to ensure compliance*
19 *with the terms and agreements of the written agreement and notify*
20 *GO-Biz of a possible breach of the written agreement by a taxpayer*
21 *and provide detailed information regarding the basis for that*
22 *determination.*

23 (h) GO-Biz may prescribe rules and regulations as necessary to
24 carry out the purposes of this section. Any rule or regulation
25 prescribed pursuant to this section may be by adoption of an
26 emergency regulation in accordance with Chapter 3.5 (commencing
27 with Section 11340) of Part 1 of Division 3 of Title 2 of the
28 Government Code.

29 (i) (1) A written agreement between GO-Biz and a taxpayer
30 with respect to the credit authorized by this section shall not
31 restrict, broaden, or otherwise alter the ability of the taxpayer to
32 assign that credit or any portion thereof in accordance with Section
33 23663.

34 (2) A written agreement between GO-Biz and a taxpayer with
35 respect to the credit authorized by this section must comply with
36 existing law on the date the agreement is executed.

37 (j) (1) Upon the effective date of this section, the Department
38 of Finance shall estimate the total dollar amount of credits that
39 will be claimed under this section with respect to each fiscal year
40 from the 2013–14 fiscal year to the 2024–25 fiscal year, inclusive.

1 (2) The Franchise Tax Board shall annually provide to the Joint
2 Legislative Budget Committee, by no later than March 1, a report
3 of the total dollar amount of the credits claimed under this section
4 with respect to the relevant fiscal year. The report shall compare
5 the total dollar amount of credits claimed under this section with
6 respect to that fiscal year with the department's estimate with
7 respect to that same fiscal year. If the total dollar amount of credits
8 claimed for the fiscal year is less than the estimate for that fiscal
9 year, the report shall identify options for increasing annual claims
10 of the credit so as to meet estimated amounts.

11 (k) This section is repealed on December 1, 2025.

12 SEC. 4. This act provides for a tax levy within the meaning of
13 Article IV of the Constitution and shall go into immediate effect.

ASSEMBLY BILL

No. 2292

Introduced by Assembly Member Gordon

February 18, 2016

An act to amend Section 71090 of the Public Resources Code, relating to environmental justice.

LEGISLATIVE COUNSEL'S DIGEST

AB 2292, as introduced, Gordon. California Communities Environmental Health Screening.

Existing law requires the California Environmental Protection Agency to identify disadvantaged communities as part of a 3-year investment plan developed by the Department of Finance for the moneys collected by the State Air Resources Board resulting from a market-based compliance mechanism relative to greenhouse gas emissions. Existing law requires the Office of Environmental Health Hazard Assessment to update the California Communities Environmental Health Screening tool, developed by the agency and the office for the purposes of identifying those disadvantaged communities, to include specified environmental data, when available, relating to communities in the California-Mexico border region.

This bill would additionally require the office in the next update of the tool or by January 1, 2018, whichever is sooner, to include in the tool population density as a population characteristic.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 71090 of the Public Resources Code is
2 amended to read:

3 71090. (a) For purposes of this part, the following terms have
4 the following meanings:

5 (1) “Border” means the California-Mexico border.

6 ~~(1)~~

7 (2) “Office” means the Office of Environmental Health Hazard
8 Assessment.

9 ~~(2)~~

10 (3) “Tool” means the California Communities Environmental
11 Health Screening, also known as CalEnviroScreen, that is used to
12 identify disadvantaged communities pursuant to Section 39711 of
13 the Health and Safety Code.

14 (b) (1) In the next update of the tool or by January 1, 2017,
15 whichever is sooner, the office shall report to the Legislature on
16 air quality, water quality, and toxic release and hazardous waste
17 site data necessary for updating the indicators in the tool for
18 communities located in the ~~California-Mexico~~ border region,
19 including both of the following:

20 (A) Deficiencies in and barriers to accessing necessary data.

21 (B) Current and future monitoring studies and plans for
22 obtaining the data.

23 (2) A report submitted pursuant to this subdivision shall be
24 submitted in compliance with Section 9795 of the Government
25 Code.

26 (c) For the purposes of subdivision (b), necessary data and
27 information may include, but need not be limited to, the following:

28 (1) Air quality measurements for ozone and particulate matter
29 2.5 microns and smaller in size in the border region.

30 (2) Vehicle emissions at border crossings.

31 (3) Complete traffic density data within 150 meters of the
32 border.

33 (4) Water quality data for waterways that cross the border.

34 (5) Feasibility of incorporating into the tool information from
35 Mexico contained in the Pollutant Release and Transfer Registry.

36 (d) When ~~such~~ data of sufficient quality identified in
37 subdivisions (b) and (c) are available for the communities in the

- 1 ~~California-Mexico~~ border region, the office shall include that data
- 2 in the next update of the tool.
- 3 *(e) In the next update of the tool or by January 1, 2018,*
- 4 *whichever is sooner, the office shall include in the tool population*
- 5 *density as a population characteristic.*

O

ASSEMBLY BILL

No. 2841

Introduced by Assembly Member Travis Allen

February 19, 2016

An act to add Chapter 4 (commencing with Section 1719.1) to Part 1 of Division 6 of the Harbors and Navigation Code, relating to seaport infrastructure financing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2841, as introduced, Travis Allen. State infrastructure financing for seaports.

Existing law authorizes port or harbor infrastructure projects to be financed by an enhanced infrastructure financing district. Existing law requires that a harbor agency prepare an infrastructure financing plan for a seaport infrastructure financing district, defined as an enhanced infrastructure financing district that finances port or harbor infrastructure, and requires that the plan meet specified requirements. Existing law authorizes an enhanced infrastructure financing district to fund infrastructure projects through tax increment financing, pursuant to the infrastructure financing plan and the agreement of affected taxing entities.

Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the Infrastructure and Economic Development Bank within the Governor's Office of Business and Economic Development, and requires the bank to establish criteria, priorities, and guidelines for the selection of projects to receive financial assistance from the bank, including, but not limited to, any combination of grants, loans, and the proceeds of bonds issued by the bank.

This bill would authorize a harbor agency, as defined, to prepare a proposed financing plan to be submitted to the bank to finance infrastructure development or equipment, and would require the plan to include specified information including the state fiscal and economic impacts, including increased jobs and tax revenues and state fund savings, estimated to result from the proposed project. The bill would require the bank to consider a project proposal and to approve the financing of it if the project meets specified requirements, including that the State Lands Commission has verified that the proposed project is consistent with the state tidelands trust and any conditions of a grant of trust lands to a harbor agency and a finding by the bank that the project is more likely than not to result in the estimated state fiscal and economic impacts. The bill would limit the amount of financing provided, as specified, and would authorize the bank to provide the financing only upon an appropriation of funds for that purpose.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The primary purpose of this act is to encourage the
- 4 development and growth of, and to encourage and help finance
- 5 the further investment in, and subsequent increased use of,
- 6 California’s public port facilities and the introduction of
- 7 zero-emission and near-zero-emission equipment and supporting
- 8 infrastructure at California’s public port facilities.
- 9 (b) The statewide interest in the need to continually invest in
- 10 California’s public port infrastructure is predicated on the fact that
- 11 California’s public seaports and the international trade that they
- 12 facilitate are critical components of the state economy, directly or
- 13 indirectly employing millions of Californians, contributing billions
- 14 of dollars in economic activity, and generating significant local
- 15 and state tax revenues as a result of this activity. As such, our ports
- 16 must be given the ability to successfully compete for cargo volume,
- 17 attract new trade, and continue to grow.
- 18 (c) The development, improvement, expansion, and maintenance
- 19 of the state’s public ports and port infrastructure facilities, and the
- 20 utilization of public port facilities for the export and import of

1 cargo to or from distribution, manufacturing, fabrication, assembly,
2 processing, transloading, and warehousing sites in California are
3 matters of statewide significance that are essential to the growth
4 of the state’s economic well-being and the ability of those
5 businesses and workers associated with trade-related industries to
6 continue to compete cost-effectively on a regional, national, and
7 global scale.

8 (d) In addition to the vast matters of statewide significance in
9 the economic impacts derived from all of California’s public ports,
10 the state’s interest in the reduction of mobile source emissions
11 from the freight sector and supply chain, including those emissions
12 from sources that operate at ports, are also matters of statewide
13 significance. In consideration of these environmental matters, the
14 state has a paramount interest in creating incentives that will
15 precipitate early investment by the industry in the newest
16 generation of zero-emission and near-zero-emission equipment
17 and supporting infrastructure at marine terminals and port facilities.
18 Due to the costs of those investments over and above the use of
19 traditional equipment, this is an infrastructure need that cannot be
20 met by private investment alone, and therefore public financing
21 mechanisms and the implementation of public-private partnerships
22 are required to support this new investment.

23 SEC. 2. Chapter 4 (commencing with Section 1719.1) is added
24 to Part 1 of Division 6 of the Harbors and Navigation Code, to
25 read:

26
27 CHAPTER 4. STATE INFRASTRUCTURE FINANCING FOR SEAPORTS

28
29 1719.1. (a) The Legislature finds and declares all of the
30 following:

31 (1) It is equitable and in the public interest to provide alternative
32 procedures for financing public works and services needed to
33 support new commercial, environmental, and industrial
34 development in the state’s seaports and harbors that would generate
35 significant new employment opportunities and economic
36 development, increase state and local tax revenues, enhance seaport
37 competitiveness in the international trade community, reduce
38 congestion and delay in the supply chain, and result in improved
39 environmental quality.

1 (2) Except as authorized in this part, seaports and harbors in
2 California generally do not levy or expend any funds generated
3 by local taxes, as most of their operations are funded directly
4 through fees, tariffs, leases, and other revenue the seaports and
5 harbors generate from their users and tenants, in addition to the
6 occasional state or federal grant.

7 (3) There is significant opportunity for development and
8 investment in our state’s seaports and harbors and in their transition
9 to operations that are characterized by the use of new zero-emission
10 and near-zero-emission equipment and supporting infrastructure.
11 However, the state lacks the public infrastructure funding necessary
12 to support all of the new development and investment that are
13 demanded.

14 (4) In addition to a lack of public infrastructure funding, our
15 state’s waterfront has infrastructure and environmental needs that
16 cannot be met by private investment alone, and therefore creative
17 public financing mechanisms need to be developed. The absence
18 of practical and equitable methods for state financing of public
19 works, like the development of seaport infrastructure that is a
20 matter of statewide significance, leads to a declining standard of
21 seaport infrastructure, a failure to construct new public structures
22 and facilities needed to support new commercial and industrial
23 development in our seaports and harbors, increased congestion,
24 and a lack of tools to facilitate environmental improvements,
25 including the transition to zero-emission and near-zero-emission
26 equipment and supporting infrastructure.

27 (5) The seaports and harbors of California are valuable assets
28 of the state that provide special maritime, navigational, recreational,
29 cultural, and historical benefits to the people of the state and the
30 management and development of these seaports and harbors may
31 not be subjugated. This in turn means that the management of the
32 financial health, land use planning, waterfront assets, and
33 environmental infrastructure in all of California’s public ports are
34 matters of statewide significance. This chapter will help to
35 remediate these conditions that will otherwise result in
36 underinvestment in the state’s seaports and harbors by providing
37 a new financing mechanism, through the use of leveraged future
38 tax increment revenues, to facilitate matters of statewide
39 importance and further the purposes of the public trust.

1 (b) The Legislature further finds and declares all of the
2 following:

3 (1) The ability to capture future tax increment revenues to
4 finance needed seaport and harbor infrastructure projects will
5 provide direct benefits to the state. When harbor agencies are better
6 funded to further the objectives of the state, the state's seaports
7 and harbors, and the public trust and enjoyment of those trust lands
8 by the people of the state, the state's economy and environment
9 will also be improved.

10 (2) A seaport frequently generates large state tax benefits
11 directly and indirectly as a result of the economic activity that is
12 generated from its maritime operations and other economic
13 development efforts.

14 (3) Investments by a seaport and its industry partners in
15 environmental improvements generate long-term state benefits
16 and reduction in public costs with respect to the reduction of
17 greenhouse gases, criteria pollutants, projected public health
18 impacts, and overall improvements in the quality of life of
19 Californians.

20 (4) The potential for increases in state tax revenues and
21 decreases in costs to the state that will result from the improvement
22 of seaport and harbor infrastructure and investment in
23 environmental improvements should be incentivized and leveraged
24 through state financing, whenever possible, which supports the
25 state's significant interest in the successful operation of its seaports
26 and harbors.

27 1719.2 It is the intent of the Legislature that seaport
28 infrastructure financing be developed pursuant to this chapter in
29 a manner that improves public port assets, infrastructure, and
30 operations and achieves the public goals of improving the state's
31 waterborne commerce, enhancing economic prosperity, and
32 financing the costs of environmental mitigation and improvement.

33 1719.3. For purposes of this chapter, the following terms have
34 the following meanings:

35 (a) "Bank" means the Infrastructure and Economic Development
36 Bank, as established pursuant to Section 63021 of the Government
37 Code.

38 (b) "Project" has the same meaning as defined in Section 63010
39 of the Government Code.

1 1719.4. A harbor agency may prepare a proposed financing
2 plan for a project to be submitted to the bank as provided in Section
3 63041 of the Government Code, for consideration pursuant to the
4 terms of this chapter.

5 1719.5. In addition to the requirements of Section 63041 of
6 the Government Code, a proposed financing plan for a project
7 submitted to the bank pursuant to Section 1719.4 shall include all
8 of the following information:

9 (a) The infrastructure development or equipment purchase to
10 be financed through the proceeds of the proposed financing.

11 (b) (1) If the harbor agency is acting on granted lands, a finding
12 that the project to be financed is consistent with the state tidelands
13 trust and the terms and conditions of any grant of trust lands to the
14 harbor agency. A copy of this finding shall be forwarded by the
15 harbor agency to the State Lands Commission.

16 (2) If the harbor agency was formed pursuant to this code, a
17 finding that the project to be financed is consistent with its charter
18 and the statewide interests in the operation of harbors and ports.

19 (c) The state fiscal and economic impacts forecast required by
20 Section 1719.6.

21 1719.6. (a) A harbor agency shall adopt a resolution setting
22 forth estimates of the state fiscal and economic impacts that will
23 result from the project, including, but not be limited to, the
24 following:

25 (1) The total direct and indirect state tax revenues generated by
26 the impact of the infrastructure development or equipment purchase
27 to be financed through the bank.

28 (2) The total direct and indirect state general fund and special
29 fund expenditure savings generated by the impact of the
30 infrastructure development or equipment purchase to be financed
31 through the bank.

32 (3) The total local tax and user fee revenues generated by the
33 infrastructure development or equipment purchase to be financed
34 through the bank.

35 (4) The total jobs created by the infrastructure development or
36 equipment purchase to be financed through the bank, including
37 the specific impact of the financing on the employment of
38 California residents.

39 (b) (1) Prior to making findings upon which the resolution may
40 be based, a harbor agency shall obtain an economic impact report

1 that shall be completed by a third-party economist, based on a
2 published economic impact methodology. The published economic
3 impact methodology shall be incorporated into the findings of a
4 peer review conducted pursuant to paragraph (2), and shall be
5 adopted in a public meeting of the harbor agency with a finding
6 that the guidelines and methodology were developed in a manner
7 consistent with this section.

8 (2) The economic impact report and the economic methodology
9 to be adopted under this subdivision shall be peer reviewed and
10 evaluated by an independent party that is without any financial
11 association with the third party that completed the economic impact
12 report guidelines and economic methodology. The peer review
13 shall evaluate the adequacy of the guidelines and make specific
14 recommendations regarding the methodologies, which should be
15 incorporated into the peer review by the harbor agency upon
16 adoption.

17 (3) A harbor agency may adopt guidelines for study preparation
18 previously developed by a third party for another harbor agency
19 under this section as long as the final guidelines are adopted
20 pursuant to paragraph (1).

21 (c) This section shall not require a harbor agency to prepare a
22 report or adopt a resolution except at its discretion prior to
23 submission of a proposed financing plan for a project.

24 1719.7. (a) Upon receipt of a proposed financing plan for a
25 project, the bank shall consider the project and approve, require a
26 modification of, or deny the proposed financing.

27 (b) When considering approval of financing for a project
28 submitted pursuant to this chapter, the bank shall do both of the
29 following:

30 (1) Review the proposed financing plan for the project prepared
31 by the harbor agency pursuant to Section 1719.4.

32 (2) Review the methodology and projections prepared for or by
33 the harbor agency pursuant to Section 1719.6.

34 1719.8. The bank shall approve financing for a project if, after
35 conducting its own evaluation of a harbor agency's methodology,
36 it can make the finding that the execution of the project is more
37 likely than not to result in the outcomes projected by the harbor
38 agency pursuant to Section 1719.6.

39 1719.9. The bank shall not approve financing for a project if
40 the State Lands Commission objects to a finding made by a harbor

1 agency pursuant to paragraph (1) of subdivision (b) of Section
2 1719.5.

3 1719.10. Once financing for a project is approved, the bank
4 shall submit a request to the Assembly Budget Committee and the
5 Senate Committee on Budget and Fiscal Review for an
6 appropriation in the following fiscal year in an amount equal to or
7 less than the total estimated state tax revenues and state general
8 fund savings approved by the bank pursuant to Section 1719.8.

9 1719.11. The financing of the project shall be underwritten by
10 the bank only upon an appropriation by the Legislature of funds
11 for that purpose.

12 1719.12. The harbor agency shall reimburse the administrative
13 expenses or direct operating expenses that are incurred by the bank
14 as the direct result of the consideration, review, and processing of
15 the proposed financing of a project pursuant to this chapter.

16 1719.13. To the extent that any provision of this chapter
17 conflicts with any provision of Chapter 2.99 (commencing with
18 Section 53398.50) of Part 1 of Division 2 of Title 5 of the
19 Government Code with respect to a seaport infrastructure financing
20 district, this chapter shall prevail.

21 1719.14. (a) All permanent fixtures and capital improvements
22 to the real property of a harbor agency that administers public trust
23 tidelands financed pursuant to this chapter shall be a trust asset
24 once completed. This does not apply to fixtures and improvements
25 otherwise agreed as nonpermanent in a lease between the harbor
26 agency and a private tenant.

27 (b) Nothing in this chapter shall prohibit a harbor agency from
28 submitting a proposed financing plan for a project on behalf of a
29 tenant or for the purchase of equipment to be owned and operated
30 by a tenant, if the assets are owned, maintained, and used
31 exclusively in California and, upon the cessation of the lease,
32 ownership and control of the assets shall revert to the harbor agency
33 on terms enforceable by contract between the harbor agency and
34 the tenant.

Assembly Concurrent Resolution

No. 112

Introduced by Assembly Member Hadley

January 7, 2016

Assembly Concurrent Resolution No. 112—Relative to the State Air Resources Board.

LEGISLATIVE COUNSEL'S DIGEST

ACR 112, as introduced, Hadley. State Air Resources Board.

This measure would thank the State Air Resources Board for its exemplary work and tenacity in uncovering the emissions control defeat devices on certain diesel-fueled Volkswagen motor vehicles.

Fiscal committee: no.

1 WHEREAS, The Legislature established the State Air Resources
2 Board in 1967 to attain and maintain healthy air quality; and

3 WHEREAS, A May 2014 study by researchers at West Virginia
4 University, done in collaboration with the International Council
5 on Clean Transportation, discovered that two Volkswagen
6 diesel-fueled motor vehicles emitted significantly higher levels of
7 nitrogen oxides in onroad tests than in standard emissions tests;
8 and

9 WHEREAS, Nitrogen oxide emissions have been linked to smog
10 and acid rain; and

11 WHEREAS, The concerns raised by the study prompted the
12 State Air Resources Board to open an investigation and discussions
13 with Volkswagen Group of America (Volkswagen) in 2014; and

14 WHEREAS, In December 2014, Volkswagen issued a voluntary
15 recall in the United States of all of its diesel-fueled motor vehicles

1 from model years 2009 to 2014 after conducting its own tests and
2 identifying a recalibration fix; and

3 WHEREAS, The State Air Resources Board, in cooperation
4 with the United States Environmental Protection Agency, said it
5 wanted to do confirmatory tests of the tests Volkswagen ran in
6 2014, and the State Air Resources Board did so in May 2015; and

7 WHEREAS, The State Air Resources Board notified
8 Volkswagen in July 2015 that the test vehicles, despite having
9 completed the recalibration fix under the voluntary recall, still
10 showed emissions that exceeded state and federal limits, and the
11 State Air Resources Board deemed the initial recall ineffective;
12 and

13 WHEREAS, In September 2015, the United States
14 Environmental Protection Agency and the State Air Resources
15 Board demanded an explanation from Volkswagen and were
16 prepared to withhold certification that Volkswagen's 2016
17 diesel-fueled motor vehicles complied with applicable emissions
18 standards; and

19 WHEREAS, Volkswagen admitted defeat devices were installed
20 on the emissions control equipment on certain Volkswagen
21 diesel-fueled motor vehicles; now, therefore, be it

22 *Resolved by the Assembly of the State of California, the Senate*
23 *thereof concurring*, That the Legislature acknowledges and praises
24 the State Air Resources Board for its unwavering diligence and
25 dedication to preserving the air quality in the state and its exposure
26 of Volkswagen's circumvention of emissions standards on certain
27 diesel-fueled motor vehicles; and be it further

28 *Resolved*, That the Legislature thanks the State Air Resources
29 Board for its exemplary work and tenacity in uncovering
30 Volkswagen's emissions control defeat devices; and be it further

31 *Resolved*, That the Chief Clerk of the Assembly transmit
32 sufficient copies of this resolution to the author for appropriate
33 distribution.

Introduced by Senator Glazer**(Coauthors: Senators Beall, Hancock, Hill, Leno, and Wolk)****(Coauthors: Assembly Members Baker, Bonilla, Campos, Chiu, Chu, Dodd, Gordon, Levine, Mullin, Quirk, Mark Stone, Ting, and Wood)**February 17, 2016

An act to amend Section 65081 of the Government Code, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1128, as introduced, Glazer. Commute benefit policies.

Existing law authorizes the Metropolitan Transportation Commission and the Bay Area Air Quality Management District to jointly adopt a commute benefit ordinance that requires covered employers operating within the common area of the 2 agencies with a specified number of covered employees to offer those employees certain commute benefits through a pilot program. Existing law requires that the ordinance specify certain matters, including any consequences for noncompliance, and imposes a specified reporting requirement. Existing law makes these provisions inoperative on January 1, 2017.

This bill would extend these provisions indefinitely, thereby establishing the pilot program permanently. The bill would also delete bicycle commuting as a pretax option under the program and instead would authorize a covered employer, at its discretion, to offer commuting by bicycling as an employer-paid benefit in addition to commuting via public transit or by vanpool. The bill would also delete the reporting requirement.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 65081 of the Government Code is
2 amended to read:

3 65081. (a) It is the intent of the Legislature to encourage
4 metropolitan planning organizations and local air quality
5 management districts or air pollution control districts to work with
6 local employers to adopt policies that encourage commuting by
7 means other than driving alone. To encourage this, the Legislature
8 hereby establishes a pilot program in that regard in the greater San
9 Francisco Bay Area.

10 (b) Notwithstanding Section 40717.9 of the Health and Safety
11 Code, the Bay Area Air Quality Management District and the
12 Metropolitan Transportation Commission with respect to the
13 common area within their respective jurisdictions may jointly adopt
14 a commute benefit ordinance that requires covered employers
15 operating within the common area of the district and commission
16 to offer all covered employees one of the following choices:

17 (1) A pretax option: a program, consistent with Section 132(f)
18 of the Internal Revenue Code, allowing covered employees to elect
19 to exclude from taxable wages employee commuting costs incurred
20 for transit passes or vanpool charges, ~~or bicycle commuting~~, up to
21 the maximum amount allowed by federal tax law.

22 (2) Employer-paid benefit: a program whereby the covered
23 employer offers employees a subsidy to offset the monthly cost
24 of commuting via public transit or by ~~vanpool~~. ~~In 2013, the~~
25 ~~vanpool, or, in addition, and at the employer's discretion, by~~
26 ~~bicycle. The~~ subsidy shall be equal to either the monthly cost of
27 commuting via *public* transit or *by* vanpool, or seventy-five dollars
28 (\$75), whichever is lower. ~~This~~ *The seventy-five dollar (\$75)*
29 amount shall be adjusted annually consistent with the California
30 Consumer Price Index. *If the covered employer chooses to offer a*
31 *subsidy to offset the monthly cost of commuting by bicycle, the*
32 *subsidy shall be either the monthly cost of commuting by bicycle*
33 *or twenty dollars (\$20), whichever is lower.*

34 (3) Employer-provided transit: transportation furnished by the
35 covered employer at no cost, or low cost as determined by the
36 district or commission, to the covered employee in a vanpool or
37 bus, or similar multipassenger vehicle operated by or for the
38 employer.

1 (c) Nothing in this section shall prevent a covered employer
2 from offering a more generous commuter benefit that is otherwise
3 consistent with the requirements of the applicable commute benefit
4 ordinance. Nothing in this section shall require employees to
5 change their behavior.

6 (d) An employer offering, or proposing to offer, an alternative
7 commuter benefit on the employer’s own initiative, or an employer
8 otherwise required to offer an alternative commuter benefit as a
9 condition of a lease, original building permit, or other similar
10 requirement, if the alternative is not one of the options identified
11 in subdivision (b), may seek approval of the alternative from the
12 district or commission. The district or commission may approve
13 an alternative if it determines that the alternative provides at least
14 the same benefit in terms of reducing single-occupant vehicle trips
15 as any of the options in subdivision (b). An employer that offers
16 an approved alternative to covered employees in a manner
17 otherwise consistent with this section is not required to offer one
18 of the options in subdivision (b).

19 (e) The commute benefit ordinance shall provide covered
20 employers with at least six months to comply after the ordinance
21 is adopted.

22 (f) An employer that participates in or is represented by a
23 transportation management association that provides the employer’s
24 covered employees with any of the benefits in subdivision (b), or
25 an alternative benefit determined by the district or commission
26 pursuant to subdivision (d) to provide at least the same benefit in
27 terms of reducing single-occupant vehicle trips as any of the
28 options in subdivision (b), shall be deemed in compliance with the
29 regional ordinance, and the transportation management association
30 may act on behalf of those employers in that regard. The district
31 or commission shall communicate directly with the transportation
32 management association, rather than the participating employers,
33 to determine compliance with the ordinance.

34 (g) A commute benefit ordinance adopted pursuant to this
35 section shall specify all of the following: (1) how the implementing
36 agencies will inform covered employers about the ordinance, (2)
37 how compliance with the ordinance will be demonstrated, (3) the
38 procedures for proposing and the criteria that will be used to
39 evaluate an alternative commuter benefit pursuant to subdivision
40 (d), and (4) any consequences for noncompliance.

1 (h) Nothing in this section shall limit or restrict the statutory or
2 regulatory authority of the commission or district.

3 ~~(i) On or before July 1, 2016, if the commission and district~~
4 ~~implement a commute benefit ordinance as provided under this~~
5 ~~section, the two agencies shall jointly submit a report to the~~
6 ~~transportation policy committees of each house of the Legislature~~
7 ~~that includes, but is not limited to, the following elements:~~

8 ~~(1) A description of the program, including enforcement~~
9 ~~procedures and any sanctions imposed.~~

10 ~~(2) Number of employers complying with the ordinance that~~
11 ~~did not previously offer a commute benefit consistent with those~~
12 ~~required by the ordinance.~~

13 ~~(3) Number of employees who stopped driving alone to work~~
14 ~~in order to take transit or a vanpool, or to commute by bicycle, as~~
15 ~~a result of the commute benefit ordinance.~~

16 ~~(4) Number of single-occupant vehicle trips reduced per month,~~
17 ~~week, or day as a result of the commute benefit ordinance.~~

18 ~~(5) Vehicle miles traveled (VMT) and greenhouse gas emission~~
19 ~~reductions associated with implementation of the commute benefit~~
20 ~~ordinance.~~

21 ~~(6) Greenhouse gas emission reductions associated with~~
22 ~~implementation of the commute benefit ordinance as a percentage~~
23 ~~of the region's greenhouse gas emission target established by the~~
24 ~~State Air Resources Board.~~

25 ~~(j)~~

26 ~~(i) The commission shall not use federal planning funds in the~~
27 ~~implementation of the commute benefit ordinance.~~

28 ~~(k)~~

29 ~~(j) As used in this section, the following terms have the~~
30 ~~following meanings:~~

31 (1) "Covered employer" means any employer for which an
32 average of 50 or more employees per week perform work for
33 compensation within the area where the ordinance adopted pursuant
34 to this section operates. In determining the number of employees
35 performing work for an employer during a given week, only
36 employees performing work on a full-time basis shall be counted.

37 (2) "Covered employee" means an employee who performed
38 at least an average of 20 hours of work per week within the
39 previous calendar month within the area where the ordinance
40 adopted pursuant to this section operates.

1 (3) “District” means the Bay Area Air Quality Management
2 District.

3 (4) “Commission” means the Metropolitan Transportation
4 Commission.

5 ~~(f) This section shall remain in effect only until January 1, 2017,~~
6 ~~and as of that date is repealed, unless a later enacted statute, that~~
7 ~~is enacted before January 1, 2017, deletes or extends that date.~~

Introduced by Senator Gaines

February 18, 2016

An act to amend Section 44011 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1239, as introduced, Gaines. Smog check: exemptions.

Existing law establishes a motor vehicle inspection and maintenance (smog check) program that is administered by the Department of Consumer Affairs. The smog check program requires inspection of motor vehicles upon initial registration, biennially upon renewal of registration, upon transfer of ownership, and in certain other circumstances. Existing law exempts specified vehicles from being inspected biennially upon renewal of registration, including, among others, all motor vehicles manufactured prior to the 1976 model year.

This bill would exempt all motor vehicles manufactured prior to the 1981 model year from the biennial smog-check inspections.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 44011 of the Health and Safety Code is
- 2 amended to read:
- 3 44011. (a) All motor vehicles powered by internal combustion
- 4 engines that are registered within an area designated for program
- 5 coverage shall be required biennially to obtain a certificate of
- 6 compliance or noncompliance, except for the following:

- 1 (1) All motorcycles until the department, pursuant to Section
2 44012, implements test procedures applicable to motorcycles.
- 3 (2) All motor vehicles that have been issued a certificate of
4 compliance or noncompliance or a repair cost waiver upon a change
5 of ownership or initial registration in this state during the preceding
6 six months.
- 7 (3) All motor vehicles manufactured prior to the ~~1976~~
8 ~~model-year.~~ *1981 model year.*
- 9 (4) (A) Except as provided in subparagraph (B), all motor
10 vehicles four or less model-years old.
- 11 (B) Beginning January 1, 2005, all motor vehicles six or less
12 model-years old, unless the state board finds that providing an
13 exception for these vehicles will prohibit the state from meeting
14 the requirements of Section 176(c) of the federal Clean Air Act
15 (42 U.S.C. Sec. 7401 et seq.) or the state's commitments with
16 respect to the state implementation plan required by the federal
17 Clean Air Act.
- 18 (C) All motor vehicles excepted by this paragraph shall be
19 subject to testing and to certification requirements as determined
20 by the department, if any of the following apply:
- 21 (i) The department determines through remote sensing activities
22 or other means that there is a substantial probability that the vehicle
23 has a tampered-~~emission~~ *emissions* control system or would fail
24 for other cause a smog check test as specified in Section 44012.
- 25 (ii) The vehicle was previously registered outside this state and
26 is undergoing initial registration in this state.
- 27 (iii) The vehicle is being registered as a specially constructed
28 vehicle.
- 29 (iv) The vehicle has been selected for testing pursuant to Section
30 44014.7 or any other provision of this chapter authorizing
31 out-of-cycle testing.
- 32 (D) This paragraph does not apply to diesel-powered vehicles.
- 33 (5) In addition to the vehicles exempted pursuant to paragraph
34 (4), any motor vehicle or class of motor vehicles exempted pursuant
35 to subdivision (c) of Section 44024.5. It is the intent of the
36 Legislature that the department, pursuant to the authority granted
37 by this paragraph, exempt at least 15 percent of the lowest emitting
38 motor vehicles from the biennial smog check inspection.
- 39 (6) All motor vehicles that the department determines would
40 present prohibitive inspection or repair problems.

1 (7) Any vehicle registered to the owner of a fleet licensed
2 pursuant to Section 44020 if the vehicle is garaged exclusively
3 outside the area included in program coverage, and is not primarily
4 operated inside the area included in program coverage.

5 (8) (A) All diesel-powered vehicles manufactured prior to the
6 1998 ~~model-year~~ *model year*.

7 (B) All diesel-powered vehicles that have a gross vehicle weight
8 rating of 8,501 to 10,000 pounds, inclusive, until the department,
9 in consultation with the state board, pursuant to Section 44012,
10 implements test procedures applicable to these vehicles.

11 (C) All diesel-powered vehicles that have a gross vehicle weight
12 rating from 10,001 pounds to 14,000 pounds, inclusive, until the
13 state board and the Department of Motor Vehicles determine the
14 best method for identifying these vehicles, and until the department,
15 in consultation with the state board, pursuant to Section 44012,
16 implements test procedures applicable to these vehicles.

17 (D) All diesel-powered vehicles that have a gross vehicle weight
18 rating of 14,001 pounds or greater.

19 (b) Vehicles designated for program coverage in enhanced areas
20 shall be required to obtain inspections from appropriate smog
21 check stations operating in enhanced areas.

22 (c) For purposes of subdivision (a), a collector motor vehicle,
23 as defined in Section 259 of the Vehicle Code, is exempt from
24 those portions of the test required by subdivision (f) of Section
25 44012 if the collector motor vehicle meets all of the following
26 criteria:

27 (1) Submission of proof that the motor vehicle is insured as a
28 collector motor vehicle, as shall be required by regulation of the
29 bureau.

30 (2) The motor vehicle is at least 35 model-years old.

31 (3) The motor vehicle complies with the exhaust emissions
32 standards for that motor vehicle's class and ~~model-year~~ *model*
33 *year*, as prescribed by the department, and the motor vehicle passes
34 a functional inspection of the fuel cap and a visual inspection for
35 liquid fuel leaks.

O

Introduced by Senator LaraFebruary 19, 2016

An act to add Section 6377.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1338, as introduced, Lara. Sales and use taxes: exemption: zero-emission and near-zero-emission equipment.

Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and provides various exemptions from those taxes.

The bill would exempt from those taxes, on and after January 1, 2017, and before January 1, 2030, the gross receipts from the sale of, and the storage, use, or other consumption of, qualified tangible personal property purchased by a qualified person, as defined, for use primarily in, at, or on a marine terminal or qualified tangible personal property used primarily to maintain, repair, or test the above-described equipment, as provided. The bill would require the purchaser to furnish the retailer with an exemption certificate, as specified.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and existing law authorizes districts, as specified, to impose transactions and use taxes in conformity with the Transactions and Use Tax Law, which conforms to the Sales and Use Tax Law. Exemptions from state sales and use taxes are incorporated into these laws.

This bill would specify that this exemption does not apply to local sales and use taxes, transactions and use taxes, and specified state taxes from which revenues are deposited into the Local Public Safety Fund, the Education Protection Account, the Local Revenue Fund, or the Local Revenue Fund 2011.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares:

2 (1) California's complex freight transportation system is
3 responsible for one-third of the state's economy and jobs, with
4 freight-dependent industries accounting for over \$700 billion in
5 revenue and over 5 million jobs in 2013, and is home to the largest
6 gateway for international trade and domestic commerce in the
7 nation, with an interconnected system of ports, railroads, highways,
8 and roads that allow goods from around the world to move
9 throughout the state.

10 (2) Significant investments in freight infrastructure are necessary
11 to ensure the continued economic competitiveness of our state's
12 seaports and to deploy zero-emission and near-zero-emission
13 equipment. There are additional expenses that accompany
14 investment in the next generation of zero-emission and
15 near-zero-emission equipment and supporting infrastructure at
16 marine terminals in California's public ports.

17 (3) The primary purpose of this act is to encourage the
18 development and growth of investment in, and subsequent
19 increased use of, California's public port facilities and the
20 introduction of zero-emission and near-zero-emission equipment
21 and supporting infrastructure at California's public port facilities.

22 (4) This legislation is necessary to further incentivize the earliest
23 possible investment in and adoption of zero-emission and
24 near-zero-emission technology at California's public seaports.
25 Companies should be encouraged to take on the additional costs
26 of purchasing and maintaining zero-emission equipment and
27 supporting infrastructure in partnership with the state to achieve
28 the state's emission reduction goals by reducing those state taxes

1 which would increase the ultimate cost of these new equipment
2 and infrastructure investments.

3 (b) It is the intent of the Legislature to incentivize the earliest
4 possible adoption of zero-emissions technology at California's
5 public seaports and to eliminate taxes imposed on the purchase of
6 that equipment that further increase the costs of purchasing and
7 maintaining zero-emission equipment and supporting infrastructure,
8 which are already of significantly greater expense than
9 conventional equipment and infrastructure.

10 SEC. 2. Section 6377.5 is added to the Revenue and Taxation
11 Code, to read:

12 6377.5. (a) On or after January 1, 2017, and before January
13 1, 2030, there are exempted from the taxes imposed by this part
14 the gross receipts from the sale of, and the storage, use, or other
15 consumption in this state of, any of the following:

16 (1) Qualified tangible personal property purchased for use by
17 a qualified person to be used primarily in, at, or on a marine
18 terminal of a California public port for carriage, handling, or
19 movement of freight, cargo, and goods.

20 (2) Qualified tangible personal property purchased for use by
21 a qualified person to be used primarily to maintain, repair, measure,
22 or test any qualified tangible personal property described in
23 paragraph (1).

24 (b) For purposes of this section:

25 (1) "Primarily" means 50 percent or more of the time.

26 (2) "Qualified person" means a person that is a stevedore, marine
27 terminal operator, operator of a port or freight yard, or any other
28 person that is engaged in cargo and freight loading, delivery,
29 movement, storage, and conveyance at or within a California public
30 seaport.

31 (3) "Qualified tangible personal property" includes, but is not
32 limited to, all of the following:

33 (A) All zero-emission or near-zero-emission equipment used
34 or required to operate, control, regulate, or maintain the movement
35 of goods or freight, including, but not limited to, computers,
36 data-processing equipment, and computer software, together with
37 all repair and replacement parts with a useful life of one or more
38 years therefor, whether purchased separately or in conjunction
39 with the equipment and regardless of whether the machine or

1 component parts are assembled by the qualified person or another
2 party.

3 (B) All marine terminal equipment used in pollution control
4 that meets standards established by this state or any local or
5 regional governmental agency within this state and all marine
6 terminal equipment that exceeds existing standards established by
7 the state.

8 (C) Special purpose buildings and foundations used as an
9 integral part of the process of utilization of zero-emission
10 equipment or near-zero-emission equipment constitute qualified
11 tangible personal property to the extent that the sale of, or storage,
12 use, or other consumption is subject to the imposition of sales or
13 use tax.

14 (4) “Zero-emission or near-zero-emission equipment” means
15 equipment, vehicles, and related technologies used at a California
16 public seaport that reduce or eliminate greenhouse gas emissions
17 and improve air quality when compared with conventional or fully
18 commercialized alternatives, as identified by the State Air
19 Resources Board in consultation with the State Energy Resources
20 Conservation and Development Commission. “Zero-emission and
21 near-Zero-emission equipment” may include, but is not limited to,
22 enabling technologies that provide a pathway to emissions
23 reductions, advanced or alternative fuel engines, and hybrid or
24 alternative fuel technologies for seaport equipment.

25 (c) An exemption shall not be allowed under this section unless
26 the purchaser furnishes the retailer with an exemption certificate,
27 completed in accordance with any instructions or regulations as
28 the board may prescribe, and the retailer retains the exemption
29 certificate in its records and furnishes it to the board upon request.

30 (d) (1) Notwithstanding the Bradley-Burns Uniform Local Sales
31 and Use Tax Law (Part 1.5 (commencing with Section 7200)) and
32 the Transactions and Use Tax Law (Part 1.6 (commencing with
33 Section 7251)), the exemption established by this section shall not
34 apply with respect to any tax levied by a county, city, or district
35 pursuant to, or in accordance with, either of those laws.

36 (2) Notwithstanding subdivision (a), the exemption established
37 by this section shall not apply with respect to any tax levied
38 pursuant to Section 6051.2, or 6201.2, pursuant to Sections 35 and
39 36 of Article XIII of the California Constitution, or any tax levied
40 pursuant to Sections 6051 or 6201 that is deposited in the State

1 Treasury to the credit of the Local Revenue Fund 2011 pursuant
2 to Sections 6051.15 or 6201.15.

3 (e) Notwithstanding subdivision (a), the exemption provided
4 by this section shall not apply to any sale or storage, use, or other
5 consumption of property that, within one year from the date of
6 purchase, is removed from California, converted from an exempt
7 use under subdivision (a) to some other use not qualifying for
8 exemption, or otherwise used in a manner not qualifying for
9 exemption.

10 (f) This section shall apply to leases of qualified tangible
11 personal property classified as “continuing sales” and “continuing
12 purchases” in accordance with Sections 6006.1 and 6010.1. The
13 exemption established by this section shall apply to the rentals
14 payable pursuant to the lease, provided the lessee is a qualified
15 person and the tangible personal property is qualified tangible
16 personal property used in an activity described in subdivision (a).

17 (g) (1) Upon the effective date of this section, the Department
18 of Finance shall estimate the total dollar amount of exemptions
19 that will be taken for each calendar year, or any portion thereof,
20 for which this section provides an exemption.

21 (2) No later than each March 1 next following a calendar year
22 for which this section provides an exemption, the board shall
23 provide to the Joint Legislative Budget Committee a report of the
24 total dollar amount of exemptions taken under this section for the
25 immediately preceding calendar year. The report shall compare
26 the total dollar amount of exemptions taken under this section for
27 that calendar year with the department’s estimate for that same
28 calendar year. If that total dollar amount taken is less than the
29 estimate for that calendar year, the report shall identify options for
30 increasing exemptions taken so as to meet estimated amounts.

31 SEC. 3. This act provides for a tax levy within the meaning of
32 Article IV of the Constitution and shall go into immediate effect.

**Introduced by Senator Lara
(Coauthors: Senators Allen, Hancock, and Hill)**

February 19, 2016

An act to add Section 39731 to the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

SB 1383, as introduced, Lara. Short-lived climate pollutants.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The state board is also required to complete a comprehensive strategy to reduce emissions of short-lived climate pollutants, as defined, in the state.

This bill would require the state board to approve and implement that comprehensive strategy to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:

1 (a) Short-lived climate pollutants, such as black carbon,
2 fluorinated gases, and methane, are powerful climate forces that
3 have a dramatic and detrimental effect on air quality, public health,
4 and climate change.

5 (b) These pollutants create a warming influence on the climate
6 that is many times more potent than that of carbon dioxide.

7 (c) These toxic air contaminants also are a significant
8 environmental risk factor for premature death.

9 (d) Reducing these emissions can have an immediate beneficial
10 impact on climate change and on public health.

11 (e) To the extent possible, efforts to reduce emissions of
12 short-lived climate pollutants should focus on areas of the state
13 that are disproportionately affected by poor air quality.

14 SEC. 2. Section 39731 is added to the Health and Safety Code,
15 to read:

16 39731. (a) No later than January 1, 2018, the state board shall
17 approve and implement the comprehensive short-lived climate
18 pollutant strategy developed pursuant to Section 39730 to achieve
19 a reduction in the statewide emissions of methane by 40 percent,
20 hydrofluorocarbon gases by 40 percent, and anthropogenic black
21 carbon by 50 percent below 2013 levels by 2030.

22 (b) It is the intent of the Legislature that the state board consider,
23 when approving and implementing the short-lived climate pollutant
24 strategy pursuant to subdivision (a), all of the following:

25 (1) Coordinating with other state and local agencies and districts
26 to develop measures identified as part of the strategy.

27 (2) Providing a forum for public engagement by holding at least
28 three public hearings in geographically diverse locations throughout
29 the state.

30 (3) Evaluating the best-available scientific, technological, and
31 economic information to ensure that the strategy is cost effective
32 and technologically feasible.

33 (4) Considering the impact of the strategy on all of the
34 following:

35 (A) Job growth and local economic benefits in the state.

36 (B) Public health benefits for residents, particularly in
37 disadvantaged communities identified pursuant to Section 39711.

- 1 (C) Potential for new innovation in technology, energy, and
- 2 resource management practices.

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Introduced by Senators Leno and PavleyFebruary 19, 2016

An act to add Section 38572 to the Health and Safety Code, and to add Section 747.2 to the Public Utilities Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1441, as introduced, Leno. Natural gas: vented and fugitive emissions.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the board to adopt greenhouse gas emission limits and emission reduction measures by regulation, and authorizes the state board to include the use of market-based compliance mechanisms in its implementing regulations to achieve those emissions goals.

This bill would require the state board, in regulations implementing a market-based compliance mechanism, to include vented emissions and fugitive emissions of natural gas as counting against the compliance obligation of certain covered natural-gas-related entities under the mechanism.

(2) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would, in establishing rates for gas corporations, prohibit the commission from considering systemic natural gas losses in the form of vented or fugitive emissions occurring during the injection, storage, transmission, or distribution of the natural gas.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. In enacting this act, it is the intent of the
2 Legislature to create incentives to reduce or eliminate vented
3 emissions and fugitive emissions of natural gas.

4 SEC. 2. Section 38572 is added to the Health and Safety Code,
5 to read:

6 38572. (a) For purposes of this section, the following
7 definitions apply:

8 (1) “Fugitive emissions” has the same meaning as set forth in
9 Section 39023.3.

10 (2) “Vented emissions” means intentional or designed releases
11 of natural gas or hydrocarbon gas, not including stationary
12 combustion flue gas, including process designed flow to the
13 atmosphere through seals or vent pipes, equipment blowdown for
14 maintenance, and direct venting of gas used to power equipment,
15 such as pneumatic devices.

16 (b) In regulations implementing a market-based compliance
17 mechanism pursuant to this part, the state board shall include
18 vented or fugitive emissions of natural gas as counting against the
19 compliance obligation of covered entities engaged in the extraction,
20 distribution, or transmission of natural gas under the mechanism.

21 SEC. 3. Section 747.2 is added to the Public Utilities Code, to
22 read:

23 747.2. (a) For purposes of this section, the following
24 definitions apply:

25 (1) “Fugitive emissions” has the same meaning as set forth in
26 Section 39023.3 of the Health and Safety Code.

27 (2) “Vented emissions” means intentional or designed releases
28 of natural gas or hydrocarbon gas, not including stationary
29 combustion flue gas, including process designed flow to the
30 atmosphere through seals or vent pipes, equipment blowdown for
31 maintenance, and direct venting of gas used to power equipment,
32 such as pneumatic devices.

33 (b) In establishing rates for gas corporations, the commission
34 shall not consider the systemic natural gas losses in the form of

1 fugitive or vented emissions occurring during the injection, storage,
2 transmission, or distribution of the natural gas.

3 (c) (1) This section does not prohibit gas corporations from
4 using ratepayer funds to repair systemic natural gas leaks or to
5 improve industry practices to reduce or eliminate vented or fugitive
6 emissions.

7 (2) This section does not prohibit gas corporations from
8 recovering their costs incurred in compliance with regulations
9 adopted pursuant to Section 38572 of the Health and Safety Code.

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