

BOARD MEETING DATE: February 2, 2024

AGENDA NO. 20

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a hybrid meeting on Friday, January 12, 2024. The following is a summary of the meeting.

RECOMMENDED ACTION:

Receive and file this report and approve agenda items as specified in this letter.

Michael A. Cacciotti, Chair
Legislative Committee

DJA:LTO:PFC:DPG:ar

Committee Members

Present: Councilmember Michael A. Cacciotti, Committee Chair
Mayor Patricia Lock Dawson
Supervisor Curt Hagman
Supervisor V. Manuel Perez
Mayor José Luis Solache
Absent: Councilmember Nithya Raman

Call to Order

Chair Michael Cacciotti called the meeting to order at 9:00 a.m.

ACTION/DISCUSSION ITEMS:

1. Update on Proposed Sponsored Bills

Philip Crabbe, Senior Public Affairs Manager/Legislative, Public Affairs & Media, informed the Committee that staff has had over 25 meetings with state legislators and their staff to secure authors for the following South Coast AQMD sponsored state bill proposals.

- Increase Compensation for Air District Board Members by doubling the current limit and adding an annual consumer price index increase going forward.
- Provide CARB board members representing air districts the same compensation as other voting CARB board members.
- Update the Carl Moyer program by 1) expanding the liquidation time for funding from 4 to 6 years; and 2) increasing administrative fees for air districts from 6.25% to 10%.

For additional information, please refer to the [Webcast](#) beginning at 4:34.

There was no public comment.

DISCUSSION ITEMS:

2. Update and Discussion on Federal Legislative Issues

South Coast AQMD's federal legislative consultants (Cassidy & Associates, Kadesh & Associates and Carmen Group) provided written reports on key Washington, D.C. issues.

Amelia Morales, Cassidy & Associates, provided an update on fiscal year 2024 appropriations bills to fund the federal government. If an agreement cannot be reached by the expiration of the current continuing resolution, there is likely to be another extension to provide Congress more time to work out the issues.

Dave Ramey, Kadesh & Associates, reported that seven members of the California House delegation are retiring including three members that are running for Senate; they are: Katie Porter, Barbara Lee, and Adam Schiff.

Gary Hoitsma, Carmen Group, reported on the new U.S. EPA Climate Pollution Reduction grants and Clean Ports funding opportunity as well as the Maritime Administration's Port Infrastructure Development program.

Supervisor Curt Hagman inquired about the potential impact of budget negotiations on grant programs. Mr. Hoitsma responded that the three federal programs mentioned should be consistently funded. For additional information, please refer to the [Webcast](#) beginning at 8:00.

There was no public comment.

3. Update and Discussion on State Legislative Issues

South Coast AQMD's state legislative consultants (California Advisors, LLC, Joe A. Gonsalves & Son and Resolute) provided written reports on key issues in Sacramento.

Ross Buckley, California Advisors, LLC, provided an overview of the Governor's 2024-25 state budget proposal. The \$291.5 billion budget proposal includes a deficit of \$37.86 billion. To address the deficit, the Governor is proposing to use reserve funds, cuts, internal borrowing, funding delays, and payment deferrals. The budget process and negotiations between the Governor and the Legislature will likely continue until the June 15 budget deadline.

Paul Gonsalves, Joe A. Gonsalves & Son, provided the Committee with more details on the proposed budget's impact on funding for air quality and climate programs. This impact includes a reduction of \$2.9 billion, \$1.9 billion in delayed spending and \$1.8 billion shifted from the General Fund to other funds.

David Quintana, Resolute, reported that two-year bills must be passed out of their first house by January 31 to continue through the legislative process. The Governor's budget proposal allocates \$250 million for the AB 617 program including \$195 million for incentives, \$50 million for implementation and \$5 million for community grants and meeting facilitation.

Supervisor Perez inquired about the Governor's proposed budget reduction to the AB 617 program and commented on dust suppression efforts. Wayne Natri, Executive Officer, responded that the proposed \$50 million decrease to the AB 617 program does not include input from the legislature. Staff will be advocating to restore funding through the Legislature.

Chair Cacciotti inquired about feedback from legislators regarding the proposals to increase board member compensation. Derrick Alatorre, Deputy Executive Officer for Legislative, Public Affairs and Media, responded that the feedback from legislators has been positive. For additional information, please refer to the [Webcast](#) beginning at 17:20.

Sam Emmersen, Better World Group, inquired about the status of AB 1609 (Garcia) related to AB 2766 fees. Mr. Crabbe responded that the bill died in 2023.

OTHER MATTERS:

4. Other Business

Mayor Solache reported that he will be in Washington D.C. to attend the U.S. Conference of Mayors and welcomes the opportunity to engage on issues relating to South Coast AQMD as needed.

5. Public Comment Period

Harvey Eder, Public Solar Power Coalition, provided comments regarding methane emissions.

6. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, February 9, 2024, at 9:00 a.m.

Adjournment

The meeting was adjourned at 9:39 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING ATTENDANCE RECORD – January 12, 2024

Councilmember Michael Cacciotti	South Coast AQMD Board Member
Mayor Patricia Lock Dawson	South Coast AQMD Board Member
Supervisor Curt Hagman	South Coast AQMD Board Member
Supervisor V. Manuel Perez	South Coast AQMD Board Member
Mayor José Luis Solache	South Coast AQMD Board Member
Ken Chawkins	Board Consultant (Cacciotti)
Debra Mendelsohn	Board Consultant (McCallon)
Guillermo Gonzalez	Board Consultant (Perez)
Brian Nestande	Board Consultant (Cacciotti)
Mark Taylor	Board Consultant (Rodriguez)
Ben Wong	Board Consultant (Cacciotti)
Ross Buckley	California Advisors, LLC
Paul Gonsalves	Joe A. Gonsalves & Son
Gary Hoitsma	Carmen Group, Inc.
Amelia Morales	Cassidy & Associates
David Quintana	Resolute
Dave Ramey	Kadesh & Associates
Alan Abbs	Public Member
Mark Abramowitz	Public Member
Kimberly Caceres	Public Member
Helena DuPont	Public Member
Harvey Eder	Public Member
Sam Emmersen	Public Member
Victor Ibarra	Public Member
Thomas Jelenic	Public Member
Ricky Lai	Public Member
Bill La Marr	Public Member
David Rothbart	Public Member
Patty Senecal	Public Member
Brissa Sotelo-Vargas	Public Member
Peter Whittingham	Public Member
Derrick Alatorre	South Coast AQMD Staff
Debra Ashby	South Coast AQMD Staff
Barbara Baird	South Coast AQMD Staff
Cindy Bustillos	South Coast AQMD Staff
Lara Brown	South Coast AQMD Staff
Maria Corralejo	South Coast AQMD Staff
Philip Crabbe	South Coast AQMD Staff
Denise Gailey	South Coast AQMD Staff
Bayron Gilchrist	South Coast AQMD Staff
De Groeneveld	South Coast AQMD Staff

Alex Han	South Coast AQMD Staff
Sheri Hanizavareh	South Coast AQMD Staff
Anissa Cessa Heard-Johnson.....	South Coast AQMD Staff
Sujata Jain	South Coast AQMD Staff
Aaron Katzenstein	South Coast AQMD Staff
Angela Kim	South Coast AQMD Staff
Howard Lee	South Coast AQMD Staff
Alicia Lizarraga	South Coast AQMD Staff
Jason Low.....	South Coast AQMD Staff
Connie Mejia	South Coast AQMD Staff
Ron Moskowitz	South Coast AQMD Staff
Susan Nakamura.....	South Coast AQMD Staff
Wayne Nastri.....	South Coast AQMD Staff
Robert Paud.....	South Coast AQMD Staff
Sarah Rees.....	South Coast AQMD Staff
Aisha Reyes.....	South Coast AQMD Staff
MaFe Ruivivar.....	South Coast AQMD Staff
Lisa Tanaka O'Malley	South Coast AQMD Staff
Mei Wang.....	South Coast AQMD Staff
Jillian Wong	South Coast AQMD Staff
Paul Wright	South Coast AQMD Staff
Victor Yip.....	South Coast AQMD Staff

ATTACHMENT 2A



To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: December 21, 2023
Re: December Report

HOUSE/SENATE

Congress

The House and Senate have both adjourned until January. Before leaving town, Congress passed the Fiscal Year 2024 National Defense Authorization Act (NDAA) and an extension to the Federal Aviation Administration (FAA)'s funding authority until March 8 while they continue to negotiate the FAA reauthorization bill. The Senate is scheduled to return on January 8, and the House on January 9. When Congress returns, Members will resume work on appropriations bills as the first of the two-tiered funding deadline approaches on January 19, when FY23 appropriations will expire for Agriculture, Energy and Water Development, Military Construction and Veterans Affairs, and Transportation, Housing, and Urban Development. Congress will also continue debate on a supplemental package that includes sending aid to Israel and Ukraine and funding the border.

EPA

On December 2, the Environmental Protection Agency (EPA) announced a final rule to reduce methane and other harmful air pollutants from the oil and natural gas industry. Oil and natural gas operations are the nation's largest industrial source of methane, responsible for approximately one-third of the warming from greenhouse gases. EPA's final rule is estimated to prevent 58 million tons of methane emissions from 2024 to 2038. The rule will eliminate routine

flaring of natural gas, require comprehensive monitoring for methane leaks, and establish equipment standards that will reduce emissions. Read more [here](#).

On December 14, the EPA announced that it will begin the process for prioritizing five additional chemicals for risk evaluation: acetaldehyde, acrylonitrile, benzenamine, MBOCA, and vinyl chloride. EPA will consider whether to designate the chemicals as High Priority Substances during the twelve-month process, authorized under the Toxic Substances Control Act. Read more [here](#).

On December 18, the EPA released its FY23 Enforcement and Compliance Annual Results, which showed increased on-site inspections, new criminal investigations, civil settlements, and cleanup enforcement. In 2023, the enforcement and compliance program focused on underserved and overburdened communities who have faced the greatest effects of pollution. Read more [here](#).

On December 20, the EPA released its annual Automotive Trends Report, which showed record low CO2 emissions and record high fuel economy. The increased use of electric and hybrid vehicles and the use of advanced technologies by manufacturers have helped to achieve emissions goals. All fourteen large manufacturers are in compliance with the light-duty greenhouse gas program requirements. Read more [here](#).

On December 20, the EPA announced the selection of California-based Social and Environmental Entrepreneurs, Inc. (SEE) to serve as the EPA Region 9 Grantmaker as part of the Environmental Justice Thriving Communities Grantmaking Program. SEE will receive \$50,000,000 to allot as subgrants to community-based organizations to fund environmental project activities, including local emergency preparedness, environmental workforce development programs for local jobs reducing greenhouse gas emissions, and fenceline air quality and asthma-related projects. Read more [here](#).

Cassidy and Associates support in December:

- Worked with South Coast AQMD staff to strategize on DC outreach.
- Assisted and coordinated on reauthorization of BioWatch program.
- Continued to monitor and report on activities in Congress and the Administration that impact the District.
- Participated in weekly strategy sessions with South Coast AQMD staff.
- Prepared for February South Coast AQMD fly in.

IMPORTANT LEGISLATIVE DATES

January 19, 2023:

FY 2023 Appropriations expire for:

- Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
- Energy and Water Development
- Military Construction, Veterans Affairs, and Related Agencies
- Transportation, Housing and Urban Development, and Related Agencies

February 2, 2024:

FY 2023 Appropriations expire for:

- Commerce, Justice, Science, and Related Agencies
- Department of Defense
- Financial Services and General Government
- Homeland Security
- Interior, Environment, and Related Agencies
- Labor, Health and Human Services, Education, and Related Agencies
- Legislative Branch
- State and Foreign Operations and Related Programs

AGENCY RESOURCES

USA.gov is cataloging all U.S. government activities related to coronavirus. From actions on health and safety to travel, immigration, and transportation to education, find pertinent actions [here](#). Each Federal Agency has also established a dedicated coronavirus website, where you can find important information and guidance. They include: Health and Human Services ([HHS](#)), Centers of Medicare and Medicaid ([CMS](#)), Food and Drug Administration ([FDA](#)), Department of Education ([DoED](#)), Department of Agriculture ([USDA](#)), Small Business Administration ([SBA](#)), Department of Labor ([DOL](#)), Department of Homeland Security ([DHS](#)), Department of State ([DOS](#)), Department of Veterans Affairs ([VA](#)), Environmental Protection Agency ([EPA](#)), Department of the Interior ([DOI](#)), Department of Energy ([DOE](#)), Department of Commerce ([DOC](#)), Department of Justice ([DOJ](#)), Department of Housing and Urban Development ([HUD](#)), Department of the

Treasury ([USDT](#)), Office of the Director of National Intelligence ([ODNI](#)), and U.S. Election Assistance Commission ([EAC](#)).

Helpful Agency Contact Information:

U.S. Department of Health and Human Services – Darcie Johnston (Office – 202-853-0582 / Cell – 202-690-1058 / Email – darcie.johnston@hhs.gov)

U.S. Department of Homeland Security – Cherie Short (Office – 202-441-3103 / Cell – 202-893-2941 / Email – Cherie.short@hq.dhs.gov)

U.S. Department of State – Bill Killion (Office – 202-647-7595 / Cell – 202-294-2605 / Email – killionw@state.gov)

U.S. Department of Transportation – Sean Poole (Office – 202-597-5109 / Cell – 202-366-3132 / Email – sean.poole@dot.gov)

ATTACHMENT 2B

KADESH & ASSOCIATES

South Coast AQMD Report for the January 2024
Legislative Meeting covering December 2023
Kadesh & Associates

Following a dramatic Fall, it was a relief to nearly all in Washington that the short-term federal funding dilemma was quickly resolved when the House and Senate passed a two-tiered Continuing Resolution (CR) to keep the government funded into the new year. Under this bill, four FY24 appropriations bills were extended until January 19; those bills cover agriculture, military construction, transportation/housing, and energy/water. The remaining eight bills, including the bill that funds the EPA, will be extended until February 2. Aside from the bifurcated extension dates, the new CR straightforwardly extends FY23 funding levels, as well as farm bill and health programs. It also extended DHS' Countering Weapons of Mass Destruction Office, which would otherwise have expired Dec. 21; this office funds the Biowatch program that has supported monitoring at South Coast AQMD.

The CR was approved under the "suspension of the rules" procedure in the House, meaning it needed a 2/3 vote to pass. The suspension process was required because passing the rule to govern debate became untenable due to political pressures in the House. In the end, almost all House Democrats supported the bill, while the House Republican conference was divided.

However, despite the welcome respite from shutdown threats, the House and Senate are no closer to an agreed-upon topline number for FY24 appropriations. The Senate marked up its bills to the number (\$1.59 trillion) set in the debt ceiling deal passed earlier this year. The House, however, has been using \$1.47 trillion as its topline number. This will be the next meaningful battle in appropriations, and if a shutdown occurs in January or February, it will be over which topline to use.

Without the pressure of a pending shutdown, Congress adjourned for the year in mid-December, leaving additional substantive work to be completed in January. Neither the CR nor the FY24 topline numbers include or address the President's request for emergency aid for Israel and Ukraine. In addition, Senate Republicans have insisted on border/immigration policy changes as a condition of considering the Israel/Ukraine funding. Senate negotiators have been working towards a deal over the holiday recess.

Kadesh & Associates Activity Summary-

- Worked with South Coast AQMD and the congressional delegation on whole-of-government efforts to address air quality through BIL and IRA funding programs and Clean Air Act issues.
- Assisted with BioWatch reauthorization issue.

Contacts:

Contacts included staff and Members throughout the CA delegation, especially new members of the delegation, authors of priority legislation, Senate offices, and members of key committees. We have also been in touch with administration staff.

###

ATTACHMENT 2C



Carmen Group
I N C O R P O R A T E D

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: December 27, 2023

Re: Federal Update -- Executive Branch -- (November and December)

Department of Transportation

DOT Announces Funds Available for RAISE Grants: In November, the Department of Transportation (DOT) announced the availability of \$1.5 billion for the FY 24 RAISE grant program to help communities carry out transportation infrastructure projects with significant local or regional impact. In 2023, the program funded 162 projects covering all 50 states. Applications due February 28, 2024.

MARAD Announces Port Infrastructure Grant Awards: In November, The Maritime Administration (MARAD) announced the award of over \$653 million to fund 41 projects across the nation selected under the Port Infrastructure Development discretionary grant program. These included four projects in California: \$52.6 million at Long Beach North Harbor; \$11.3 million at National City Marine Terminal (San Diego); \$8.6 million at Redwood Marine Terminal (Eureka); and \$2 million at Port of Hueneme (Oxnard).

DOT Announces Opening of Two EV Charging Stations: In December, DOT announced the opening of the first two new EV charging stations (one in Ohio and one in New York) funded by the National EV Infrastructure Formula Program created under the Bipartisan Infrastructure Law passed in 2021. The program is designed to provide \$5 billion directly to the states and an additional \$2.5 billion in discretionary grants to build out a national network of over 500,000 stations over five years. Also in December, the Federal Highway Administration (FHWA) announced it will soon publish a new Request for Information (RFI) seeking stakeholder feedback to help update the agency's minimum standards and requirements for such charging stations.

FHWA Announces GHG Climate Performance Measure: In November, the FHWA announced a new finalized "performance measure" regulation that will impose on state DOTs and Metropolitan Planning Organizations (MPOs) a new national requirement to track transportation-related greenhouse gas (GHG) emissions, while providing flexibility to set their own targets for emission reductions. A few days later, at a hearing of the House Transportation & Infrastructure Highways & Transit Subcommittee, Republicans questioned the DOT's authority to impose such a requirement, saying such authority was not Congressionally authorized under the Bipartisan Infrastructure Law (BIL). The FHWA administrator countered that the authority came not from the BIL but from the previous authorization bill, the FAST Act, which the BIL replaced.

Proven Process. Proven Results.™

901 F Street, NW Suite 600 Washington, DC 20004 T 202.785.0500 F 202.478.1734 carmengroup.com

Environmental Protection Agency

EPA Announces Actions to Reduce Methane Emissions: In December, the EPA announced two measures to reduce methane emissions from the oil and gas industry, a key target of the administration’s national and international climate agenda. First, EPA announced (at the COP28 Climate Summit in Dubai, UAE) its finalized rulemaking on methane after receiving nearly 1 million public comments. The rule sets rigorous new standards to slash methane emissions and incentivize innovation. Second, the EPA also announced (with the Department of Energy) a commitment of \$350 million from the Inflation Reduction Act to 14 states (including California) to help them reduce methane emissions in their states.

EPA Announces Environmental Justice Actions: The EPA recently announced the following significant Environmental Justice-related actions: 1) Providing \$600 million to 11 organizations nationwide selected as Grantmakers under the EPA’s Environmental Justice Thriving Communities Grantmaking program, created by the Inflation Reduction Act. Such Grantmakers are intended to streamline the process of funding a range of environmental projects important to local communities; 2) Designating California-based Social and Environmental Entrepreneurs (SEE) to serve as EPA’s Region 9 EJ Thriving Communities Grantmaker. SEE will use its expertise and local connections to design a subgrant program “that prioritizes equity-centered grantmaking processes and procedures”; 3) Launching the new Community, Equity & Resiliency initiative to help communities across the nation navigate all of EPA’s Inflation Reduction Act investments and other new related funding opportunities; and 4) Issuing a \$777,000 grant to the California Department of Public Health to provide technical assistance to general aviation airports in California in disadvantaged communities to support the transition from leaded to unleaded aviation gasoline.

EPA Announces Youth Advisory Council Members: In November, the EPA Administrator announced his selection of the 16 initial members who will serve two-year terms on the EPA’s newly created National Environmental Youth Advisory Council (NEYAC) which will begin work in 2024. All members are between the ages of 16 and 29. The committee will meet twice a year and provide policy advice and recommendations to the Administrator on environmental issues impacting youth. The selected members represent 13 states (including California) and the District of Columbia, come from a variety of backgrounds, party affiliations, geographic locations and lived experiences and were selected from a pool of over 1000 applicants. By design, the committee pledges to maintain at least 50 percent of its membership from disadvantaged communities.

EPA Launches Video Prize Challenge to Showcase EV Transportation: The EPA recently announced it is conducting a prize competition (“My Electric Ride”) soliciting 1-2-minute videos showcasing the advantages of electric transportation in the categories of personal mobility, electric vehicles, and electric buses. Nine winners can receive up to \$3000 each. Submissions due January 23, 2024.

EPA Among Seven Agencies in “Climate Corps” MOU: In December, the EPA, the Departments of Commerce, Interior, Agriculture, Labor and Energy, and AmeriCorps announced they are formally entering into a Memorandum of Understanding (MOU) to

begin implementation of President Biden’s September 2023 executive order creating what is being called the American Climate Corps. This sweeping initiative to hire up to 40,000 people initially (mostly ages 18-35) to be trained for environmental work and careers, has no apparent authorization in law, was rejected by Congress as part of the Inflation Reduction Act, and is now under investigation by the House Oversight & Accountability Committee, where public hearings are expected to be held in early 2024.

Department of Energy

Notable Appointment: **Raylene Yung** to be *Chief of Staff, Office of Clean Energy Demonstrations*. Previously served as executive director of the Technology Modernization Fund at the US General Services Administration; CEO of US Digital Response; Engineering and product development roles in the private sector. Originally from California. BS and MS degrees from Stanford University.

DOE Announces New Technology Office: In December, the Department of Energy announced the launch of the new Office of Critical and Emerging Technology to oversee areas such as artificial intelligence, biotechnology, quantum computing, and semiconductors, many of which will have broad applications to many DOE priorities including clean energy. The office will be directed by **Helena Fu**, who has been a senior advisor at DOE after serving as Director of Technology and National Security at the National Security Council. She will also serve as DOE’s Chief Artificial Intelligence Officer.

DOE Announces Funds Available for Domestic Battery Manufacturing: In November, DOE’s Office of Manufacturing and Energy Supply Chains (MESC) announced the availability of \$3.5 billion from the Bipartisan Infrastructure Law to boost domestic production of advanced batteries and battery materials. The funding is designed to create new, retrofitted, and expanded domestic facilities for battery-grade processed critical minerals, battery precursor materials, battery components and cell and pack manufacturing all of which are critical to supporting clean energy electric vehicles and related supply chains of the future. Concept papers due January 9, 2024. Full applications due March 19, 2024.

DOE Announces US-Canada Rail Decarbonization Task Force: In December, on the margins of the COP28 Climate Conference in Dubai, UAE, the U.S. Secretary of Energy and Canada’s Minister of Transport issued a joint statement noting the creation of a Rail Decarbonization Task Force “to develop a common vision to reduce emissions from the rail sector.” It says the two countries will “establish a joint research agenda,” “coordinate strategies,” and “collaborate” on a “rail sector net-zero climate model by 2025.”

Congress: New FY24 Appropriations Deadlines: January 19 and February 2.

Outreach: In November, Carmen Group coordinated with officials at the Department of Transportation’s Maritime Administration on issues related to the agency’s Port Infrastructure Development grant program.

ATTACHMENT 3A



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
January 12, 2024, Legislative Committee Hearing

Legislative Update

On November 21st, Speaker Robert Rivas announced new committee chair appointments. This action marked a critical moment in the Assembly because this was the Speaker finally appointing his inner circle to key committee assignments. While he did keep some committee chairs in place from the previous regime, most of the major committees saw a new Chair being appointed. This included Assembly Appropriations, Budget, Health, Judiciary, Labor and Employment, Natural Resources, Rules, Transportation, and many others.

It was important to announce these changes before the start of the new year so that these chairs could familiarize themselves with the bills still on their agendas. When the Legislature returns to Sacramento in January they will immediately dive into “two-year” bills. These are bills that need to move to the other house before the end of January. This expedited process will see several bills moving and these new chairs will have to make some tough decisions. Additionally, we expect additional changes to be made to the committee memberships before the new year.

Also, it was announced that Senator Mike McGuire would officially become the next Senate President Pro Tempore on February 5th, 2024. In the announcement, they said to expect additional details in the coming weeks regarding the full transition timeline. Senator McGuire will succeed Senator Toni G. Atkins who was elected as Pro Tempore in 2017.

Budget Update

On December 7th, the Legislative Analyst’s Office (LAO) released the Fiscal Outlook in anticipation of the upcoming budget season. The LAO estimated a budget problem of \$68 billion in the upcoming budget process. This largely comes because of severe revenue decline in 2022-

23. They stated that while addressing a deficit of this scope will be challenging, the Legislature has several options available to do so. In particular, the state has nearly \$24 billion in reserves to address the budget problem. In addition, there are options to reduce spending on schools and community colleges that could address nearly \$17 billion of the budget problem. Further adjustments to other areas of the budget, such as reductions in one-time spending, could address at least an additional \$10 billion or so. These options and some others, like cost shifts, would allow the Legislature to solve most of the deficit largely without impacting the state's core ongoing service level.

Further, on December 12th, the Department of Finance sent out a letter to every state department which indicated they were expecting significant General Fund budget deficits in fiscal years 2023-24 and 2024-25. Accordingly, the Department of Finance directed all entities under the Governor's direct executive authority to take immediate action to reduce current-year General Fund expenditures. There were a limited number of exemptions from the spending reduction which included addressing declared emergencies, providing 24-hour medical care, avoiding significant revenue loss, and achieving significant net cost savings. Agency Secretaries and Cabinet-level Directors will be required to report monthly to Finance and the Governor's Office on all approved exemptions as well as achieved savings.

It should also be noted that California's cash position remained relatively strong over the last few months. As of November 30th, the state treasury retained more than \$91 billion of available "cash on hand". This revenue is predominately made up of money in accounts outside of the state's General Fund. This money could potentially be used as a temporary "borrowable resource" for the General Fund.

Governor Appointments

The Governor announced on December 14th that Hazel Miranda was appointed Chief of Staff and Policy Advisor for the Chair of the California Air Resources Board. In 2023, Miranda founded Miranda Strategies, a regulatory and strategy consulting firm. She served as a Deputy Legislative Secretary in the Office of Governor Gavin Newsom from 2021 to 2023. She was Legislative Director in the Office of Government Affairs at the California Public Utilities Commission from 2016 to 2021.

ATTACHMENT 3B



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. · SUITE 250 · SACRAMENTO, CA 95814-3766

916 441-0597 · FAX 916 441-5061

Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District
FROM: Anthony, Jason & Paul Gonsalves
SUBJECT: Legislative Update – December 2023
DATE: Tuesday, December 19, 2023

December is always a very quiet month in Sacramento, especially in the first year of a two-year session. When the Legislature returns to session next month, there will be two priorities on the agenda.

First, the Governor and the Legislature are facing a \$68 billion deficit. The last time the state faced significant budget woes was before 2012. Very few legislators remain in office who experienced this significant of a deficit. It is unclear whether this large deficit represents a one-time issue or a more long-term structural problem. Regardless, it is a large deficit and closing the gap will demand considerable attention from the Governor and legislative leadership.

Next, all bills introduced in 2023 that did not pass out of the house they were introduced in must pass by the end of January 2024 to stay alive. Legislators will focus some of their attention on this task throughout the first month of the year.

The following will provide you with updates of interest to the District:

NEW SENATE PRESIDENT PRO TEMPORE

Senator Mike McGuire will be sworn in as the next President Pro Tempore of the California Senate on February 5, 2024, replacing outgoing Senate Pro Tempore Toni Atkins. The timeline puts Senator McGuire in charge as lawmakers grapple with a large projected budget deficit that could require steep cuts to state spending. Senator McGuire's leadership stint will be no more than 2½ years since he is termed out in 2026. This means a new Leadership team, Committee Chairs and Committee makeups for the 2024 Legislative session.

As previously reported, the Assembly elected a new Speaker, Assemblymember Robert Rivas, who took over the top leadership position on July 1, 2023. Both newly elected leaders, Assembly Speaker Rivas and Senate President Pro Tempore elect McGuire, are from Northern California

and both come from rural districts. This is a sharp contrast to their predecessors who both come from highly urbanized areas of Southern California.

Assembly Speaker Rivas has already made significant changes to the legislative process by way of new committee chairs, the makeup of committees, and leadership roles. Once Senator McGuire takes over as Senate President Pro Tempore, he too will make his own changes to the legislative process.

BUDGET

Last week, the nonpartisan Legislative Analyst's Office (LAO) said that the state's budget deficit will likely grow to \$68 billion in fiscal year 2024-25, a stark contrast to the \$14 billion Lawmakers anticipated when crafting last year's budget deal.

California's revenue system relies heavily on income taxes. One reason why previous estimates differed so greatly is because of federal tax filing extensions. Legislators and the LAO did not have a complete picture of the tax collections until after the 2023-24 fiscal year ended. Budget watchers expected some high-wage earners and large corporations to file their income taxes at the November filing deadline. However, that failed to materialize.

The LAO projects that 2022-23 revenues will be \$26 billion below prior estimates. Collections data shows a 25% reduction in total income tax collections. Still, the state is in a much better position to respond to the deficit than in years past. The state has closed similar funding gaps before and has nearly \$91 billion in unused borrowable funds. Legislators could also borrow from special funds, pull back allocations, or recalculate the state's obligation to schools and community colleges. The LAO warned that although tax revenues will likely begin growing next year, recovery will be slow.

SALTON SEA RESTORATION

On December 8, 2023, Governor Gavin Newsom announced \$70 million in federal investment coming to California to accelerate the state's ongoing work to restore the Salton Sea through efforts that enhance wildlife habitat, protect public health and improve water quality at the lake.

The Biden-Harris Administration announced that \$70 million in federal funding is being transferred to the state's Salton Sea Management Program, the first tranche of funding from a \$250 million federal commitment announced last year to accelerate dust suppression and aquatic habitat projects at the Salton Sea. California has committed more than \$500 million in state funding for Salton Sea projects to date.

The \$70 million will be used to expand the state's Species Conservation Habitat Project, which is creating a network of ponds and wetlands over 4,000 acres to provide fish and bird habitats and suppress dust emissions. This federal funding will enable the expansion of the project at the southern edge of the sea.

An additional \$2 million in federal funding was announced for the Torres Martinez Desert Cahuilla Indians to expand the Tribe's technical capacity by funding positions entrusted with supporting Salton Sea project implementation.

COMMUNITY AIR GRANT PROGRAM

On December 11, 2023, The California Air Resources Board (CARB) announced the award of \$10 million from the Community Air Grant program to 42 local non-profit organizations and California Native American tribes for projects that focus on air pollution reduction efforts across the state.

These funds are allocated to local organizations and California Native American tribes to launch community-driven projects that engage residents and support grassroots ideas aimed at tackling air pollution issues. This year, the grant program is funding a new kind of project called a Local Community Emissions Reduction Plan (L-CERP), which encourages community collaboration with local air districts and other government agencies that can help implement proposed air improvement actions prioritized by residents. Eight organizations were awarded funds to launch this new effort. Other funded projects range from educational outreach efforts to increase awareness about local pollution and advocacy opportunities to air monitoring programs that supply residents with data about conditions in their community.

Community Air Grants are an essential component of CARB's implementation of AB 617, which requires that air pollution reduction efforts target disadvantaged communities. Since the program was launched in 2018, \$35 million has been awarded to 69 local organizations and eight California Native American tribes. All projects are located in and benefit disadvantaged and low-income communities.

The Award Recipients within the SCAQMD boundaries include:

- The Soboba Band of Luiseño Indians will develop a targeted local Tribal Community Emissions Reduction Plan for harmful emissions that impact the Soboba Reservation. The Soboba Tribe faces challenges from increasing wildfires, transportation sources, and industrial operations surrounding the reservation. The project will provide data, training and educational resources that target pollution reduction, including the creation of a local emissions inventory. Following that initial work, the community will develop an action plan to tackle sources of emissions.
- The People's Collective for Environmental Justice will support an educational project that includes community engagement and leadership capacity-building goals for the residents of Bloomington and the City of Colton in the Inland Valley. Residents in these two areas experience air pollution from heavy-duty diesel and drayage trucks and locomotives. This project will provide tools the community can use to advocate for clean air and a healthy environment.
- The Del Amo Action Committee in Los Angeles County will conduct a comprehensive technical air toxics study that includes measuring the air pollution levels in the

community, documenting emission sources, and estimating the cumulative health risks from all air pollution. Air pollution sources near the Del Amo neighborhood include an industrial park, warehouses, Superfund sites, and the Ports of Los Angeles and Long Beach. The Del Amo project will involve education, training, and community capacity-building activities.

- The Morongo Band of Mission Indians will implement a technical project to enhance and expand its Community Air Quality Monitoring Network and perform additional air quality sampling for air toxics impacting the Morongo Reservation. Air quality on the Morongo Reservation is impacted by multiple industrial and mobile sources in neighboring Riverside and Los Angeles Counties. This project will help support and enhance the community by engaging, informing and empowering the community to take action to protect air quality and reduce exposure of air pollution on the reservation.

GOVERNOR'S APPOINTMENTS

On December 14, 2023, Hazel Miranda, of Sacramento, was appointed Chief of Staff and Policy Advisor to the Chair of the California Air Resources Board. In 2023, Miranda founded Miranda Strategies, a regulatory and strategy consulting firm. She served as a Deputy Legislative Secretary in the Office of Governor Gavin Newsom from 2021 to 2023. She was Legislative Director in the Office of Government Affairs at the California Public Utilities Commission from 2016 to 2021. She was an Advisor to Commissioner Andrew McAllister at the California Energy Commission from 2013 to 2016. Miranda was a Public Utilities Regulatory Analyst at the California Public Utilities Commission from 2011 to 2013 and a Researcher and Consultant at SEIU Local 1021 from 2010 to 2011. Miranda was a graduate Consultant at the U.N. Economic Commission for Europe in 2009 and Legislative Director in the Office of State Assemblymember Warren Furutani in 2008. She was a Legislative Aide in the Office of State Assemblymember Jose Solorio from 2006 to 2008 and in the Office of State Senator Martha Escutia from 2004 to 2006. Miranda was a Polanco Fellow at the California Latino Legislative Caucus Institute for Public Policy from 2003 to 2004. She earned a Master of Public Affairs degree from the Princeton School of Public and International Affairs. This position does not require Senate confirmation and the compensation is \$189,864.

TRANSFORMATIVE CLIMATE COMMUNITIES PROGRAM (TCC)

On December 18, 2023, the California Strategic Growth Council announced the award of \$98 million for 11 disadvantaged, unincorporated, and tribal communities across the state. The funds are to be used to plan and implement projects that reduce greenhouse gas emissions, improve public health and the environment, and expand economic opportunity for residents.

The current round of TCC grant funding will support three Planning Grants, four Project Development Grants, and four Implementation Grants. Planning grants provide support to communities to successfully apply to future funding rounds through TCC or other funding

sources, while Project Development Grants help fund pre-development costs, and Implementation Grants fund affordable housing, transit access and mobility, solar, energy efficiency, building electrification, green infrastructure, air quality, workforce training, anti-displacement programs, and more.

The Implementation Grants funded within the SCAQMD boundaries include:

- \$22,125,000 Award to The Energy Coalition – Pomona ACTS
- \$22,125,000 Award to the City of Coachella – Coachella Prospera

The Project Development Grants within the SCAQMD boundaries include:

- \$4,018,788.45 Award to Riverside County – Mecca and North Shore Climate Resiliency Plan

The Planning Grants funded within the SCAQMD boundaries include:

- \$300,000 Award to GRID Alternatives Greater Los Angeles – PACT for Paramount

2024 LEGISLATIVE DEADLINES

January 1	Statutes take effect.
January 3	Legislature reconvenes.
January 10	Budget must be submitted by Governor.
January 12	Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house in the odd-numbered year.
January 19	Last day for any committee to hear and report to the Floor bills introduced in that house in the odd-numbered year. Last day to submit bill requests to the Office of Legislative Counsel.
January 31	Last day for each house to pass bills introduced in that house in the odd numbered year.
February 16	Last day for bills to be introduced
April 26	Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house
May 3	Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house.
May 10	Last day for policy committees to meet prior to May 28.
May 17	Last day for fiscal committees to hear and report to the Floor bills introduced in their house. Last day for fiscal committees to meet prior to May 28.

- May 20-24 Floor session only. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.
- May 24 Last day for each house to pass bills introduced in that house.
- May 28 Committee meetings may resume
- June 15 Budget Bill must be passed by midnight.
- June 27 Last day for a legislative measure to qualify for the Nov. 5 General Election ballot
- July 3 Last day for policy committees to meet and report bills. Summer Recess begins upon adjournment, provided Budget Bill has been passed.
- August 5 Legislature reconvenes from Summer Recess.
- August 16 Last day for fiscal committees to meet and report bills.
- August 19-31 Floor session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.
- August 23 Last day to amend bills on the Floor.
- August 31 Last day for each house to pass bills. Final Recess begins upon adjournment

South Coast Air Quality Management District Legislative and Regulatory Update – December 2023

❖ Important Upcoming Dates

Jan 3 2024 – Legislature Reconvenes

❖ RESOLUTE Actions on Behalf of South Coast AQMD. RESOLUTE partners David Quintana, and Alfredo Arredondo continued their representation of SCAQMD before the State's Legislative and the Executive branch. Selected highlights of our recent advocacy include:

- Provided ongoing updates as the Legislature stayed in interim recess and the Governor finalized decisions on bills at his desk.
- Set and attended meetings with legislative offices regarding bill proposals for the 2024 legislative session.

❖ LAO Budget Deficit Projections: The Legislative Analyst's Office has released their fiscal outlook for the next budget year which included a projection of a \$68 Billion budget deficit. The full report is available here: <https://lao.ca.gov/Publications/Report/4819>

EXECUTIVE SUMMARY FROM LAO:

California Faces a \$68 Billion Deficit. Largely as a result of a severe revenue decline in 2022-23, the state faces a serious budget deficit. Specifically, under the state's current law and policy, we estimate the Legislature will need to solve a budget problem of \$68 billion in the upcoming budget process.

Unprecedented Prior-Year Revenue Shortfall Creates Unique Challenges. Typically, the budget process does not involve large changes in revenue in the prior year (in this case, 2022-23). This is because prior-year taxes usually have been filed and associated revenues collected. Due to the state conforming to federal tax filing extensions, however, the Legislature is gaining a complete picture of 2022-23 tax collections after the fiscal year has already ended. Specifically, we estimate that 2022-23 revenue will be \$26 billion below budget act estimates. This creates unique and difficult challenges—including limiting the Legislature's options for addressing the budget problem.

Legislature Has Multiple Tools Available to Address Budget Problem. While addressing a deficit of this scope will be challenging, the Legislature has a number of options available to do so. In particular, the state has nearly \$24 billion in reserves to address the budget problem. In addition, there are options to reduce spending on schools and community colleges that could address nearly \$17 billion of the budget problem. Further adjustments to other areas of the budget, such as reductions to one-time spending, could address at least an additional \$10 billion or so. These options and some others, like cost shifts, would allow the Legislature to solve most of the deficit largely without impacting the state's core ongoing service level.

Legislature Will Have Fewer Options to Address Multiyear Deficits in the Coming Years. Given the state faces a serious budget problem, using general purpose reserves this year is merited. That said, we suggest the Legislature exercise some caution when deploying tools like reserves and cost shifts. The state's reserves are unlikely to be sufficient to cover the state's multiyear deficits—which average \$30 billion per year under our estimates. These deficits likely necessitate ongoing spending reductions, revenue increases, or both. As a result, preserving a substantial portion—potentially up to half—of reserves would provide a helpful cushion in light of the anticipated shortfalls that lie ahead.

- ❖ **Assembly Committee Assignments.** Speaker Rivas has made the appointments for all committee seats. This is in addition to the Chair appointments that were released in November. The full makeups of the committees are available in the Assembly Daily File here: <https://www.assembly.ca.gov/schedules-publications/assembly-daily-file>. The following are the committee memberships for the most relevant committees for South Coast:

Assembly Natural Resources:

Assemblymember Isaac Bryan, Chair
Assemblymember Heath Flora, Vice Chair
Assemblymember Rebecca Bauer-Kahan
Assemblymember Laura Friedman
Assemblymember Josh Hoover
Assemblymember Ash Kalra
Assemblymember Devon Mathis
Assemblymember Al Muratsuchi
Assemblymember Gail Pellerin
Assemblymember Buffy Wicks
Assemblymember Jim Wood

Assembly Budget Sub #4 on Climate, Resources, Energy and Transportation

Assemblymember Steve Bennett, Chair
Assemblymember Damon Connolly
Assemblymember Heath Flora
Assemblymember Lori Wilson
Assemblymember Jesse Gabriel, Democrat Alternate
Assemblymember Vince Fong, Republican Alternate

Assembly Utilities and Energy

Assemblymember Cottie Petrie-Norris, Chair
Assemblymember Jim Patterson, Vice Chair
Assemblymember Rebecca Bauer-Kahan
Assemblymember Lisa Calderon
Assemblymember Phillip Chen
Assemblymember Damon Connolly
Assemblymember Laura Friedman
Assemblymember Chris Holden
Assemblymember Joe Patterson
Assemblymember Eloise Gómez Reyes
Assemblymember Miguel Santiago
Assemblymember Pilar Schiavo
Assemblymember Phil Ting
Assemblymember Greg Wallis
Assemblymember Jim Wood

Joint Legislative Committee on Climate Change

Assemblymember Damon Connolly, Vice Chair
Assemblymember Wendy Carrillo
Assemblymember Heath Flora
Assemblymember Laura Friedman
Assemblymember Al Muratsuchi

Assembly Transportation

Assemblymember Lori Wilson, Chair
Assemblymember Vince Fong, Vice Chair

Assemblymember Cecilia Aguiar-Curry
Assemblymember Marc Berman
Assemblymember Juan Carrillo
Assemblymember Laurie Davies
Assemblymember Gregg Hart
Assemblymember Corey Jackson
Assemblymember Josh Lowenthal
Assemblymember Diane Papan
Assemblymember Kate Sanchez
Assemblymember Phil Ting
Assemblymember Greg Wallis
Assemblymember Christopher Ward
Assemblymember Buffy Wicks