



February 13, 2019

Honorable Holly Mitchell, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Cap and Trade Investment Plan

Pursuant to section 39716 (a) of the Health and Safety Code, the following report is respectfully submitted.

Chapter 807, Statutes of 2012 (AB 1532) requires the Department of Finance, in consultation with the Air Resources Board and other state agencies, to develop and submit a three-year Cap and Trade Investment Plan to the Legislature that identifies priority programmatic investments of auction proceeds.

AB 1532 requires that updates to the Cap and Trade Investment Plan be submitted in conjunction with the release of the Governor's Budget proposal. This plan is being submitted pursuant to this requirement.

The Cap and Trade Investment Plan includes the following recommendations:

- Continue to invest in existing programs, prioritize programs that emphasize meaningful community input, and fund community-led projects.
- Provide funding certainty over multiple years for more of the existing programs.
- Increase job training opportunities for priority populations.

The Governor's Budget supports these recommendations by proposing a \$1 billion Cap and Trade Expenditure Plan.

Continue Existing Programs and Prioritize Community-led Projects

The Budget proposes \$974 million to continue core programs that have historically been the cornerstone of the state's climate investments, including funding for programs such as the Air Board's Community Air Protection Program and the Strategic Growth Council's Transformative Climate Communities Program that support community-driven projects in disadvantaged communities.

Provide Funding Certainty Over Multiple Years for More of the Existing Programs

Historically, non-continuously appropriated programs have been supported with one-time appropriations because revenues generated from Cap and Trade auctions are uncertain and have fluctuated year-to-year. As a result of the statutory extension of Cap and Trade through 2030, auctions proceeds have recently stabilized and the Budget proposes multi-year funding for the following Cap and Trade Programs:

- Healthy Forests and Prescribed Burn Crews—\$200 million
- Clean Vehicle Rebate Project—\$200 million
- Apprenticeships for a Green Economy—\$27 million
- Healthy Soils Program—\$18 million
- Energy Corps—\$6 million
- Climate Resiliency—\$3 million

Increase Job Training for Priority Populations

In public workshops designed to solicit feedback on California Climate Investments, stakeholders consistently asked for jobs and job training opportunities in disadvantaged communities. The Budget proposes \$27 million to increase job training and apprenticeship opportunities focused in disadvantaged communities to support the state's transition to a low carbon economy.

If you have any questions or need additional information regarding this matter, please call Matt Almy, Assistant Program Budget Manager, at (916) 324-0043.

KEELY MARTIN BOSLER

Director

By:



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Chief Deputy Director

Attachment

cc: On following page

cc: Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Mr. Gabriel Petek, Legislative Analyst (3)
Mr. Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee
Mr. Kirk Feely, Budget Fiscal Director, Senate Republican Fiscal Office
Mr. Christopher W. Woods, Senate President pro Tempore's Office (2)
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee
Ms. Cyndi Hillery, Staff Director, Assembly Republican Fiscal Committee
Ms. Cheri West, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Mr. Joe Shinstock, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Jason Sisney, Assembly Speaker's Office (2)
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee
Mr. Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Ms. Ashley Conrad-Saydah, Deputy Secretary for Climate Policy, California Environmental
Protection Agency
Mr. Richard Corey, Executive Director, Air Resources Board
Mr. Matthew Botill, Branch Chief, Climate Investments Branch, Air Resources Board