January 18, 2022

Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Chris R. Holden, Chair
Assembly Appropriations Committee

Fourth Cap and Trade Investment Plan (Fiscal Year 2022-23 through Fiscal Year 2024-25)

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 California Air Resources Board (CARB) 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:

- Fund investments in key sectors that support Greenhouse Gas Reduction Fund (GGRF) statutory priorities and drive progress on state climate goals.
- Provide dedicated funding to advance equity, environmental justice, and community participation.
- Direct funding towards high-quality jobs and high road workforce development.
- Integrate nature-based solutions and zero-emission technologies into investment types across sectors.
- Support policy-relevant research and program evaluation tied to emissions-reducing projects.
- Advance support for priority populations and other underserved communities.

These recommendations collectively represent a coordinated strategy to advance the guiding principles and achieve multiple benefits from climate incentives. Funding of priorities identified in this plan are subject to the availability of Cap and Trade revenue and other factors.
The Budget proposes $946 million GGRF to continue core programs that have historically been the cornerstone of the state’s climate investments, including: $676 million for core incentive programs as part of a $6.1 billion Zero-Emission Vehicle (ZEV) Package; $240 million for CARB’s Community Air Protection Program, as established by Chapter 136, Statutes of 2017 (AB 617); and $30 million to centralize and expand the state’s air monitoring capabilities through local and real-time pollution monitoring of greenhouse gases, criteria pollutants, and toxic air contaminants in disadvantaged communities across the state.

These resources advance equity, environmental justice, and community participation and enable community-based organizations, local and regional governments, and tribal governments to more meaningfully participate in state climate programs. Through CARB’s Community Air Protection Program funding, the Budget supports: capacity building and technical assistance; local and real-time pollution monitoring; community-level planning and needs assessments; and outreach related to awareness and education. Additionally, the ZEV investments are focused on disadvantaged and low-income communities, including tribal communities, to increase access to the benefits of clean transportation and support decreased air pollution, which disproportionately impact in low-income and underrepresented communities.

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

KEELY MARTIN BOSLER
Director
By:

ERIKA LI
Chief Deputy Director

Attachment

cc: On following page
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     Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
     Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
     Honorable Vince Fong, Vice Chair, Assembly Budget Committee
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     Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
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