

## AB 32 Cost of Implementation Fee Regulation Fact Sheet

### Background information

On September 27, 2006, [Assembly Bill 32](#) (AB 32), the California Global Warming Solutions Act of 2006 was signed into law. AB 32 established a first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, and cost-effective reductions of greenhouse gas (GHG) emissions needed to reach 1990 levels by 2020<sup>1</sup>. AB 32 also authorized the California Air Resources Board to adopt a schedule of fees to be paid by sources of GHG emissions. These fees are used to fund costs directly related to state agencies' development, administration, and implementation of AB 32 programs that reduce GHG emissions.

The AB 32 Cost of Implementation Fee Regulation ([Fee Regulation](#)) was adopted to make specific the requirements of the law, to define terms, and to describe the process by which fees are assessed and paid. The Fee Regulation became effective on July 17, 2010 and was subsequently amended in 2011, 2012, and 2014 to better align with the [Mandatory Greenhouse Gas Reporting Regulation](#) and the [California Greenhouse Gas Cap-and-Trade Regulation](#).

### What does the revenue generated from the fee pay for?

The revenue provides funding for approved program costs regarding development and implementation of programs to reduce the State's GHG emissions and improve air quality – such as programs that improve energy efficiency in households and buildings, vehicles, and provide lower-carbon transportation fuels.

For more information on the state agencies funded through the Cost of Implementation Fee Regulation, see the Funding and Common Carbon Cost in the California Budget Act web page at: <https://www.arb.ca.gov/cc/adminfee/adminfee.htm>.

### Who pays the AB 32 fee?

Currently, there are approximately 265 fee payers. Fees are paid by the following types of entities: cement manufacturers; electricity importers and in-state generating facilities; facilities that combust coal, coke, or refinery fuel gas; natural gas utilities and suppliers; oil and gas producers; producers and importers of gasoline and diesel fuel; and refineries.

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<sup>1</sup> Additional goals beyond 2020 were codified in SB 32 and AB 197. See <https://www3.arb.ca.gov/cc/scopingplan/scopingplan.htm> for more information

## **What is Total Required Revenue and how much money is collected under the Fee Regulation?**

Total Required Revenue (TRR) is the total amount of funds necessary to recover the costs of implementation of AB 32 program expenditures for each fiscal year, based on the number of personnel positions, including salaries and benefits and all other costs, as approved in the California Budget Act for that fiscal year, and is adjusted for previous year's excess or shortfall amount.<sup>2</sup> The TRR for the current fiscal year 2018 is listed here: [www.arb.ca.gov/cc/adminfee/revenue.htm](http://www.arb.ca.gov/cc/adminfee/revenue.htm).

Additional details, as well as historical values, can be found in the California State Budget. You can navigate to the COI Fee portion of the budget by following these steps: Open [www.ebudget.ca.gov](http://www.ebudget.ca.gov). Choose a fiscal year, then find the "Enacted Budget", "Detail". Choose "Environmental Protection", choose "Air Resources Board" (code 3900), then choose "Entire Air Resources Board in pdf format". In that pdf document, find "Cost of Implementation" (fund 3237).

## **Who determines the Total Required Revenue each year?**

Individual state agencies determine annually the costs associated with implementing AB 32 related programs within their agencies and request the funds from the Legislature. The total amount authorized to each agency is determined through the annual budget process with the Department of Finance and the Legislature.

## **What is the common carbon cost, and how much does each entity/facility pay?**

The common carbon cost (CCC) represents the annual cost per metric ton of carbon dioxide equivalent (CO<sub>2</sub>e) of GHG emissions as calculated in the COI Fee Regulation.<sup>3</sup> The CCC is calculated by dividing the Total Required Revenue by the total amount of billable metric tons of CO<sub>2</sub>e for all emissions covered under the COI Fee Regulation. Current and historical values are available at this website: [www.arb.ca.gov/cc/adminfee/historicaldata.htm](http://www.arb.ca.gov/cc/adminfee/historicaldata.htm).

## **When do fee payers receive invoices each year?**

CARB has 30 days from the date that the California State Budget is signed to produce, review, and send all invoices pursuant to the COI Fee Regulation. Generally, fee payers receive their invoices in late July or early August of each year.

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<sup>2</sup> Cost of Implementation Fee Regulation section 95203(a).

<sup>3</sup> Cost of Implementation Fee Regulation section 95203(b).