

## Senate Bill No. 535

### CHAPTER 830

An act to add Sections 39711, 39713, 39715, 39721, and 39723 to the Health and Safety Code, relating to climate change.

[Approved by Governor September 30, 2012. Filed with  
Secretary of State September 30, 2012.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 535, De León. California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.

The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The act authorizes the state board to include use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

This bill would require the California Environmental Protection Agency to identify disadvantaged communities for investment opportunities, as specified. The bill would require the Department of Finance, when developing a specified 3-year investment plan, to allocate 25% of the available moneys in the Greenhouse Gas Reduction Fund to projects that provide benefits to disadvantaged communities, as specified, and to allocate a minimum of 10% of the available moneys in the Greenhouse Gas Reduction Fund to projects located within disadvantaged communities, as specified. The bill would require the Department of Finance, when developing funding guidelines, to include guidelines for how administering agencies should maximize benefits for disadvantaged communities. The bill would require administering agencies to report to the Department of Finance, and the Department of Finance to include in a specified report to the Legislature, a description of how administering agencies have fulfilled specified requirements relating to projects providing benefits to, or located in, disadvantaged communities.

This bill would make its provisions contingent on the enactment of other legislation, as specified.

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

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

(a) California embraced the challenge posed by climate change with the passage of the California Global Warming Solutions Act of 2006, enacted as Chapter 488 of the Statutes of 2006 (Assembly Bill 32). Assembly Bill 32 recognizes the disproportionate impacts climate change will have on disadvantaged and low-income communities in California, which already face disproportionate impacts from substandard air quality in the form of higher rates of respiratory illness, hospitalizations, and premature death.

(b) Assembly Bill 32 recognizes the potential vulnerability of California's low-income and disadvantaged population to efforts to reduce greenhouse gas emissions and requires that activities taken to comply with Assembly Bill 32 do not disproportionately impact those communities.

(c) Assembly Bill 32 recognizes the public health impacts of climate change and requires that activities taken to comply with Assembly Bill 32 consider the localized and cumulative impacts in communities that are already adversely impacted by air pollution.

(d) Assembly Bill 32 requires that public and private investment be directed toward the most disadvantaged communities in California to provide an opportunity for small businesses, schools, affordable housing associations, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.

(e) Assembly Bill 32 neither provides a definition, however, for California's most impacted and disadvantaged communities, nor direction on how the state will mitigate adverse impacts from climate change in these communities, nor direction on how the state will ensure these communities can participate in and receive investments from activities taken pursuant to Assembly Bill 32 and not experience disproportionate impacts.

(f) Since the passage of Assembly Bill 32, the State Air Resources Board and other state agencies have adopted various regulatory programs to enable California to achieve Assembly Bill 32's greenhouse gas emissions reduction target. The people of California voiced their strong support for continued implementation of Assembly Bill 32 with the defeat of Proposition 23 in November 2010.

(g) It is the intent of the Legislature that this act continue California's implementation of Assembly Bill 32 by directing resources to the state's most impacted and disadvantaged communities to ensure activities taken pursuant to that authority will provide economic and health benefits to these communities as originally intended.

(h) It is the intent of the Legislature that funds deposited pursuant to this act continue California's implementation of Assembly Bill 32 by achieving additional emission reductions and mitigating direct health impacts on California's most impacted and disadvantaged communities.

SEC. 2. Section 39711 is added to the Health and Safety Code, to read:

39711. The California Environmental Protection Agency shall identify disadvantaged communities for investment opportunities related to this

chapter. These communities shall be identified based on geographic, socioeconomic, public health, and environmental hazard criteria, and may include, but are not limited to, either of the following:

(a) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.

(b) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

SEC. 3. Section 39713 is added to the Health and Safety Code, to read:

39713. (a) The investment plan developed and submitted to the Legislature, pursuant to Section 39716, shall allocate a minimum of 25 percent of the available moneys in the fund to projects that provide benefits to communities described in Section 39711.

(b) The investment plan shall allocate a minimum of 10 percent of the available moneys in the fund to projects located within communities described in Section 39711.

(c) The allocation pursuant to subdivision (b) may be, but need not be, for projects included, in whole or in part, in the set of projects supported by the allocation described in subdivision (a).

SEC. 4. Section 39715 is added to the Health and Safety Code, to read:

39715. Any funding guidelines developed for administering agencies, pursuant to Section 39714, shall include guidelines for how administering agencies should maximize benefits for disadvantaged communities, as described in Section 39711.

SEC. 5. Section 39721 is added to the Health and Safety Code, to read:

39721. For the report prepared pursuant to Section 39720, administering agencies shall report to the Department of Finance, and the Department of Finance shall include in the report, a description of how the administering agencies have fulfilled the requirements of Section 39713.

SEC. 6. Section 39723 is added to the Health and Safety Code, to read:

39723. Nothing in this chapter shall be construed as resulting in any taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution.

SEC. 7. This act shall not become operative unless Assembly Bill 1532 of the 2011–12 Regular Session is enacted.