

Date of Hearing: April 28, 2021

**ASSEMBLY COMMITTEE ON NATURAL RESOURCES**

Luz Rivas, Chair

AB 1453 (Muratsuchi) – As Introduced February 19, 2021

**SUBJECT:** Environmental justice: Just Transition Advisory Commission: Just Transition Plan

**SUMMARY:** Establishes the Just Transition Advisory Commission (Commission) and tasks the Commission with developing a Just Transition Plan (Plan).

**EXISTING LAW:**

- 1) Establishes the California Global Warming Solutions Act of 2006 [AB 32 (Núñez), Chapter 488, Statutes of 2006], which requires the Air Resources Board (ARB) to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020 and to adopt rules and regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions. Requires ARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030.
- 2) Authorizes ARB to permit the use of market-based compliance mechanisms (i.e., the cap-and-trade program) to comply with GHG reduction regulations once specified conditions are met. Establishes the Greenhouse Gas Reduction Fund (GGRF) and requires all moneys, except for fines and penalties, collected by ARB from the auction or sale of allowances pursuant to a market-based compliance mechanism to be deposited in the GGRF and available for appropriation by the Legislature.
- 3) Establishes the GGRF Investment Plan and Communities Revitalization Act to set procedures for the investment of GHG allowance auction revenues. Authorizes a range of GHG reduction investments and establishes several policy objectives:
  - a) Maximize economic, environmental, and public health benefits;
  - b) Foster job creation;
  - c) Complement efforts to improve air quality;
  - d) Direct investment toward the most disadvantaged communities and households in the state;
  - e) Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce GHG emissions; and,
  - f) Lessen the impacts and effects of climate change on the state's communities, economy, and environment.
- 4) Establishes the Labor and Workforce Development Agency (LWDA) to serve California workers and businesses by improving access to employment and training programs, enforcing California labor laws to protect workers and create an even playing field for

employers, and administering benefits that include workers' compensation, unemployment insurance, and disability insurance and paid family leave.

- 5) Requires the California Workforce Development Board to publish a report outlining recommendations on workforce development and training to help communities adapt to the economic and labor-market changes resulting from California's transition to a carbon neutral economy.
- 6) Establishes the Transformative Climate Communities Program (TCC) to be administered by the Strategic Growth Council. Requires the TCC to fund the development and implementation of neighborhood-level transformative climate community plans that include multiple, coordinated greenhouse gas emissions reduction projects that provide local economic, environmental, and health benefits to disadvantaged communities.

**THIS BILL:**

- 1) Establishes the Commission consisting of 13 members:
  - a) The Secretary of the LWDA;
  - b) The Secretary of the Natural Resources Agency;
  - c) The Chair of the Air Resources Board;
  - d) A representative from the Independent System Operator;
  - e) A representative from state building and construction unions;
  - f) A representative from a nonprofit environmental organization;
  - g) A representative from an environmental justice organization;
  - h) A representative from universities or community colleges with expertise in climate change;
  - i) A representative from universities or community colleges with expertise in energy sectors and energy workforce development;
  - j) A member appointed by the Governor;
  - k) A member appointed by the Senate Committee on Rules; and,
  - l) A member appointed by the Speaker of the Assembly.
- 2) Requires the LWDA to convene the Commission on or before July 1, 2022.
- 3) By January 1, 2024, requires the Commission to develop and adopt, through a public process, a Just Transition Plan (Plan) containing recommendations to transition the state's economy to a climate-resilient and low-carbon economy that maximizes the benefits of climate actions while minimizing burdens to workers, especially workers in the fossil fuel industry, and their

communities, especially communities that face disproportionate burdens from pollution. Requires the Plan to include:

- a) Identification of legal, social, and economic barriers to realizing the goals of a just transition;
  - b) Identification of laws and regulations that could be used to overcome those barriers; and,
  - c) Recommendations on additional statutory and regulatory changes that are needed to overcome those barriers.
- 4) By September 1, 2022, requires the Commission to conduct its first public meeting to receive public input on the development of the Plan.
  - 5) Requires that the Plan be submitted to the Legislature by January 1, 2024.
  - 6) Sunsets the bill's provisions on January 1, 2028.

**FISCAL EFFECT:** Unknown

**COMMENTS:**

**1) Author's statement:**

California is committed to ensuring that the benefits of a statewide transition to clean, renewable energy are shared not only globally through its efforts to reduce greenhouse gas emissions by promoting clean, renewable energy, but also locally through its creation of local jobs, including union jobs, as well as through energy-related projects that promote public health and reduce air, water, and noise pollution in communities that historically have been disproportionately impacted by oil and natural gas extraction and refining operations.

Therefore, it is the intent of the Legislature to reaffirm its commitment to the above goals by creating a Just Transition Commission to bring stakeholders together to create a roadmap on how to pursue the State's agenda to fight climate change while at the same time ensuring that the benefits of a statewide transition to clean, renewable energy are shared locally through the creation of local union and other middle-class jobs as well as to promote environmental justice by protecting communities that have historically suffered the most pollution impacts.

- 2) **AB 32.** The Global Warming Solutions Act (AB 32) requires ARB to adopt a statewide GHG emissions limit equivalent to 1990 levels by 2020 and adopt regulations, including market-based compliance mechanisms, to achieve maximum technologically feasible and cost-effective GHG emission reductions.

As part of the implementation of AB 32 market-based compliance measures, ARB adopted a cap-and-trade program that caps the allowable statewide emissions and provides for the auctioning of emission credits, the proceeds of which are deposited into the GGFR to be available for appropriation by the Legislature.

- 3) **GGRF.** The 2014-15 Budget Act allocated GGRF revenues for the 2014-15 fiscal year and established a long-term plan for the allocation of GGRF revenues beginning in fiscal year 2015-16. Thirty-five percent of GGRF is continuously appropriated for investments in transit, affordable housing, and sustainable communities. Twenty-five percent is continuously appropriated to continue the construction of the high-speed rail project. The remaining 40% is subject to annual appropriation by the Legislature for investments in programs that include low-carbon transportation, energy efficiency and renewable energy, and natural resources and waste diversion.

The Administration's 2020 annual report to the Legislature on cap and trade investments includes an analysis of funds spent within and benefiting "priority populations," which the report defines as disadvantaged and low-income communities and low-income households. According to the report, 57% of the overall funding benefited priority communities.

Auction proceeds have fluctuated significantly since they began in 2011, from a low of \$257 million in Fiscal Year 2012-13 to a high of over \$3.2 billion in Fiscal Year 2018-19. The most recent quarter generated nearly \$697 million.

In 2018, ARB updated its funding guidelines to require additional reporting of co-benefits and job benefits from GGRF expenditures. According to the 2020 annual report to the Legislature, GGRF investments awarded in 2019 are expected to support 10,500 jobs.

- 4) **State reports and recommendations.** Last June, the California Workforce Development Board (Board) released *Putting California On the High Road: A Jobs and Climate Action Plan For 2020*. The report addresses workforce interventions to ensure that the transition to a carbon-neutral economy creates high-quality jobs, prepares workers with the skills needed to adapt to and master new zero- and low-emission technologies, broadens career opportunities for workers from disadvantaged communities, and supports workers whose jobs may be at risk. The report includes recommendations "for just transition" to assist the state in planning for the protection and support of workers at risk of declining opportunities in the fossil fuel industry. The Governor's Executive Order N-79-20 directs the state to take a number of actions to combat the climate crisis, including requiring the LWDA and the Office of Planning and Research, in consultation with the Department of Finance and other state agencies to develop, by July 15, 2021, and expeditiously implement a Just Transition Roadmap, consistent with the recommendations of the Board's report.

In February, the Bureau of State Audits released an audit report, *California Air Resources Board: Improved Program Measurement Would Help California Work More Strategically to Meet Its Climate Change Goals*. The report identified a number of areas that ARB can improve upon, including that ARB has not done enough to measure the economic benefits and job creation in disadvantaged and low- and moderate-income communities. The audit also finds that ARB has been slow to measure the jobs created by its programs or the benefits of job-training in spite of its funding guidelines that require programs to report the outcomes of the job training.

- 5) **Related legislation.**

AB 680 (Burke) establishes the California Just Transition Act, which requires the LWDA to update, by July 1, 2023, the funding guidelines for administering agencies to ensure that all

applicants to grant programs funded by the GGRF meet fair and responsible employer standards and provide inclusive procurement policies. This bill is also scheduled to be heard in this committee on April 28<sup>th</sup>.

- 6) **Double referral.** This bill was heard by the Assembly Labor and Employment Committee on April 8th and passed with a vote of 5-0.

**REGISTERED SUPPORT / OPPOSITION:****Support**

Elders Climate Action, NorCal and SoCal Chapters

**Opposition**

None on file

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