

ASSEMBLY THIRD READING

AB 1159 (Aguiar-Curry)

As Amended April 12, 2023

Majority vote

SUMMARY

Clarifies that, to ensure all greenhouse gas (GHG) emissions reductions and removals are in addition to any reductions and removals that would otherwise occur, natural and working lands projects and actions that receive state funding are not eligible to generate credits under any market-based compliance mechanism for any GHG emissions reduced or removed as a result of the state funding.

Major Provisions**COMMENTS**

Under the California Global Warming Solutions Act of 2006 (Act), California has goals to reduce GHG emissions to at least 85% below the 1990 level by 2045, and a goal of zero net carbon emissions by 2045.

Under the Act, the Air Resources Board (ARB) adopted the cap-and-trade program as a market-based compliance mechanism to establish a declining limit on major sources of GHG emissions throughout California. Covered entities can invest in "offsets" to satisfy a small percentage of their overall compliance obligation. Any reduction of GHG emissions used for compliance purposes must be real, permanent, quantifiable, verifiable, enforceable, and additional.

California's natural and working lands have the ability to sequester carbon from the atmosphere and greatly accelerate our progress to mitigate climate change and our ability to reduce worsening climate change impacts.

AB 1757 (Cristina Garcia), Chapter 341, Statutes of 2022, requires the ARB, by January 1, 2024, with other specified state entities, to determine an ambitious range of targets for natural carbon sequestration, and for nature-based climate solutions, that reduce GHGs for 2030, 2038, and 2045 to support state goals to achieve carbon neutrality and foster climate adaptation and resilience. AB 1757 provides that any emissions reduction project that receives state funding is not eligible to generate credits under cap-and-trade. The intent was to ensure that there is no "double payment" for stored carbon or avoided emissions from natural and working lands projects.

This bill clarifies that, to ensure all GHG emissions reductions and removals are in addition to any reductions and removals that would otherwise occur, natural and working lands projects and actions that receive state funding are not eligible to generate credits under any market-based compliance mechanism for any GHG emissions reduced or removed as a result of the state funding.

According to the Author

AB 1757 includes well-intended provisions to ensure any emission reductions work used toward achieving targets is not double-counted and that projects or actions that receive state funding are

not eligible to generate credits under any market-based mechanisms. However, the existing law under AB 1757, is overly broad, and could be interpreted to apply to all state funds, not just funds intended for carbon sequestration or GHG emissions reduction. This interpretation has the potential to halt projects that return ancestral lands to tribes because these projects rely on state funds for the acquisition and restoration grants, but also generate carbon sequestration projects.

Arguments in Support

The Hoopa Valley Tribe writes, "Our Tribe has developed significant partnerships with California public agencies, including CalFire and the State Coastal Conservancy, to carry out habitat restoration projects, water quality improvements, and fuel reduction work that protects critical infrastructure and public safety. None of these activities implicate double-counting of emissions reductions in the state's accounting. Yet AB 1757's overly broad language suggests that if we receive state grants for such activities, we might be unable to generate carbon offset revenue that would support ongoing land management and the wellbeing of Tribal members. This outcome would hinder important State and Tribal priorities, and it would be profoundly unfair to cut us off from the [ARB] carbon offset market if we should choose to participate in future."

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, enactment of this bill would result in ongoing annual costs of approximately \$213,000 (Cost of Implementation Account) for one position to track new and existing state funding sources for natural and working lands project types and determine if they render funded projects ineligible for compliance offsets, continue to assess California-based compliance offset projects for compliance with this bill, provide guidance to natural and working lands project proponents and other government jurisdictions on eligibility requirements for ARB's compliance protocols, and coordinate with the Natural Resources Agency and other entities as needed on state grant programs to develop procedures to determine if a natural and working lands funding source should be designated as reducing GHG emissions or increasing sequestration.

VOTES

ASM NATURAL RESOURCES: 11-0-0

YES: Luz Rivas, Flora, Addis, Friedman, Hoover, Mathis, Muratsuchi, Pellerin, Ward, Wood, Zbur

ASM APPROPRIATIONS: 15-0-1

YES: Holden, Megan Dahle, Bryan, Calderon, Wendy Carrillo, Dixon, Mike Fong, Hart, Lowenthal, Mathis, Papan, Pellerin, Sanchez, Weber, Ortega

ABS, ABST OR NV: Robert Rivas

UPDATED

VERSION: April 12, 2023

CONSULTANT: Paige Brokaw / NAT. RES. /

FN: 0000550