

Date of Hearing: April 21, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 1243 (Addis) – As Amended April 10, 2025

SUBJECT: Polluters Pay Climate Superfund Act of 2025

SUMMARY: Establishes the Polluters Pay Climate Superfund Program (Program). Requires the California Environmental Protection Agency (CalEPA) to determine the total amount of damage caused to the state by covered fossil fuel emissions from 1990 to 2045, and assess a cost recovery demand against responsible parties to be used to fund the Program to be used to fund qualifying expenditures, as specified.

EXISTING LAW:

- 1) Under federal law:
 - a) Establishes, under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), a Federal “Superfund” to clean up uncontrolled or abandoned hazardous waste sites, as well as accidents, spills, and other emergency releases of pollutants and contaminants into the environment. Authorizes the United States Environmental Protection Agency (US EPA) to seek out parties responsible for any release and assure their cooperation in the cleanup. (42 United States Code (USC) 9601 *et seq.*)
- 2) Under state law:
 - a) Requires the Air Resources Board (ARB), pursuant to California Global Warming Solutions Act of 2006 [AB 32 (Núñez), Chapter 488, Statutes of 2006], to:
 - i) Adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 40% below 1990 levels by 2030 and to 85% below 1990 levels by 2045.
 - ii) Authorizes ARB to adopt a regulation that establishes a system of market-based declining annual aggregate emission limits for sources or categories of sources that emit GHG emissions, applicable until December 31, 2030. Under this authority, ARB adopted a cap and trade regulation that applies to large industrial facilities and electricity generators emitting more than 25,000 metric tons of carbon dioxide equivalent per year, as well as distributors of fuels, including gasoline, diesel, and natural gas.
 - iii) Requires any reduction of GHG emissions used for compliance purposes to be real, permanent, quantifiable, verifiable, enforceable, and additional. (Health & Safety Code (HSC) 38500 *et seq.*)
 - b) States, under the California Climate Crisis Act, that it is the policy of the state to achieve net zero GHG emissions no later than 2045, and to ensure that by 2045 statewide anthropogenic GHG emissions are reduced to at least 85% below the 1990 level. (HSC 38562.2 *et seq.*)

- c) Establishes the Greenhouse Gas Reduction Fund (GGRF) to receive the moneys raised through the auction of allowances under cap-and-trade, and to be appropriated annually by the Legislature for the purpose of reducing GHG emissions in the state. (HSC 39719)

THIS BILL establishes the Polluters Pay Climate Superfund Act (Act), which:

- 1) Defines terms used in the Act, including:
 - a) “Cost recovery demand” as a charge assessed against a responsible party for compensatory cost recovery payments.
 - b) “Costs” as direct and indirect costs in current dollars to the state, local and tribal governments, and California residents incurred and projected to be incurred into the future to prepare for, prevent, adapt, or respond to the damages and harms associated with the impacts of covered fossil fuel emissions.
 - c) “Covered fossil fuel emissions” as the total quantity of GHG emissions released into the atmosphere during the covered period, expressed in metric tons of carbon dioxide equivalent, attributable to the extraction, production, refining, sale, or combustion, including by third parties, of fossil fuels or petroleum products.
 - d) “Covered period” as the time between January 1, 1990 and December 21, 2024.
 - e) “Notice of cost recovery demand” as the written or electronic communication informing a responsible party of the amount of cost recovery demand due.
 - f) “Qualifying expenditures” as expenditures for projects and programs within the state to mitigate, adapt, or respond to the damages and harms from climate change, as well as ongoing operation and maintenance for specified projects or programs. Qualifying expenditures include expenditures for projects and programs that mitigate or adapt to climate change and its impacts to the state, local and tribal governments, and California residents, including:
 - i) Community disaster preparedness, including structure hardening, evacuation planning, remediation, emergency response, and planning;
 - ii) Energy efficiency and resiliency;
 - iii) Green workforce development and job training;
 - iv) Regenerative agricultural practices; and,
 - v) Natural system protections.
 - g) “Responsible party” as an entity, as specified, that:
 - i) Holds or held a majority ownership or interest in a business engaged in extracting or refining fossil fuels during the covered period or is a successor in interest to the entity;
 - ii) Did business in the state during any part of the covered period; and,

- iii) CalEPA determines that more than one billion metric tons of covered fossil fuel emissions, in aggregate globally, are attributable to the entity during the covered period.
- h) “Total damage amount” as the costs determined by CalEPA in its climate cost study of past and future climate damages and harms from January 1, 1990, up to, and including, December 31, 2045, attributable to covered fossil fuel emissions.

2) Establishes the Program to require fossil fuel polluters to pay their fair share of the damage caused by covered fossil fuel emissions, thereby relieving a portion of the burden to address costs otherwise borne by current and future California taxpayers. The Program:

- a) Requires a responsible party, as determined by CalEPA, to be strictly liable for a cost recovery demand.
- b) Each responsible party to pay its cost recovery demand to CalEPA on and after January 1, 2026.
- c) Requires CalEPA to determine and publish a list of responsible parties within 90 days of the effective date of the bill.
- d) Requires CalEPA to conduct or commission a climate cost study to be completed within one year of the effective date of the bill, which:
 - i) Includes the cost-driving effects of covered fossil fuel emissions on the state, local and tribal governments, and California residents, as specified;
 - ii) Includes a calculation of the costs incurred since January 1, 1990, and projected to be incurred into the future through December 31, 2045, as specified;
 - iii) A list to identify potential harms and incurred since January 1, 1990, and protected to be incurred into the future through December 31, 2045;
 - iv) A calculation of the total damage amount;
 - v) An assessment of potential qualifying expenditures meeting specified requirements; and,
 - vi) An analysis of climate impacts to local and tribal government budgets, including increased costs for infrastructure maintenance, emergency services, natural disaster recovery, and public health.
- e) Requires CalEPA to determine and assess a cost recovery demand for each responsible party based on publicly reported data on the operations and production of the fossil fuel industry and the best available and most up-to-date Intergovernmental Panel on Climate Change emissions factors for GHG inventories within 60 days of completion of the climate cost study based on the proportionate share percentage of each responsible party, as specified. Requires CalEPA to update the climate cost study not less than every five years.

- f) Requires CalEPA to establish procedures for an entity to challenge its designation as a responsible party or its cost recovery demand.
- g) Authorizes CalEPA to adjust a responsible party's cost recovery demand if the party establishes that a portion of its cost recovery demand is attributable to another responsible party or the fossil fuel extracted by another responsible party was accounted for by the other responsible party.
- h) Requires CalEPA to establish funding criteria and guidelines in accordance with the climate cost study for programs and projects that are eligible as qualifying expenditures funded from moneys collected pursuant to the bill.
- i) Requires, every five years until December 31, 2045, the Legislative Analyst's Office to conduct an independent evaluation of the Program to be provided to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly to determine the effectiveness of the Program.

3) Establishes the Fund, which, upon appropriation, shall be used to implement the Program. Specifies that moneys in the Fund be expended on qualifying expenditures in accordance with the climate cost study, updates to the study, and guidelines and criteria established pursuant to the bill so that:

- a) Not less than 40% of the moneys are expended for projects and programs that directly benefit disadvantaged communities facing climate impacts; and,
- b) Programs and projects include an assessment and implementation of strategies to increase employment opportunities and job quality.

4) Requires CalEPA to conduct regular consultations with the Integrated Climate Adaptation and Resiliency Program, ARB, the Environmental Justice Advisory Committee, the State Water Resources Control Board, the Natural Resources Agency, the State Energy Resources Conservation and Development Commission, the Office of Emergency Services, the Strategic Growth Council, the State Department of Public Health, the Office of Environmental Health Hazard Assessment, the California Coastal Commission, the Public Utilities Commission, the Attorney General, and other appropriate public agencies and nongovernmental entities.

5) Requires CalEPA to adopt regulations to implement the Act within 180 days of the effective date of the bill.

6) Authorizes CalEPA to prescribe, adopt, and enforce any emergency regulations as necessary to implement, administer, and enforce its duties under the bill.

7) Authorize CalEPA and the Attorney General to enforce the requirements of the Act and to assess fees for late payments of cost recovery demands.

8) Authorizes the Secretary of State to revoke or suspend the business license of a responsible party that fails to comply with the Act.

- 9) Specifies that the Act does not relieve the liability of an entity for damages resulting from climate change or preempt, displace, or restrict the rights or remedies of a person, the state, local governments, or tribal governments under law relating to specified allegations.
- 10) Specifies that the Act does not preempt or supersede any state law, local ordinance, regulation, policy, or program, as specified.
- 11) Specifies that any remedies provided in the Act are in addition to other remedies provided by law, as specified.
- 12) Specifies that the provisions of the Act are severable.
- 13) States related legislative findings and declarations.
- 14) Contains an urgency clause.

FISCAL EFFECT: Unknown**COMMENTS:**

- 1) **Climate impacts in California.** California is already experiencing the harmful effects of climate change, including an increase in extreme heat events, drought, floods, wildfire, and sea level rise. According to the most recent California Climate Change Assessment, by 2100, the average annual maximum daily temperature is projected to increase by 3.1 - 4.9°C (5.6 - 8.8°F), water supply from snowpack is projected to decline by two-thirds, the average area burned in wildfires could increase by 77%, and up to 67% of Southern California beaches may completely erode due to sea level rise without large-scale human intervention.
- 2) **Climate costs.** The consequences of climate change come with a huge, and increasing, price tag. In 2020, wildfires in California amounted to economic losses of over \$19 billion. A February 2025 report estimated the cost of property damage alone from the 2025 Los Angeles wildfires to be between \$28.0 and \$53.8 billion. Costs associated with environmental damage, loss of life, healthcare, business disruptions, and other economic impacts are estimated to be between \$250 billion to \$275 billion.

The Natural Resources Defense Council (NRDC) estimates that under a business-as-usual scenario, between the years 2025 and 2100, the cost of providing water to the western states in the US will increase from \$200 billion to \$950 billion per year, nearly 1% of the United States gross domestic product.

A 2015 economic assessment by the Risky Business Project estimated that if current global GHG emission trends continue, between \$8 billion and \$10 billion of existing property in California is likely to be underwater by 2050, due to sea level rise. Moreover, a study by researchers from the United States Geological Survey (USGS) estimates that by 2100, roughly six feet of sea level rise and recurring annual storms could impact more than 480,000 California residents (based on 2010 census data) and \$119 billion in property value (in 2010 dollars).

Climate change has effects beyond economic losses that are impossible to quantify. Physical health, mental health, food security, and other impacts affect people and communities. The

monumental costs of inaction far outweigh the costs of efforts to mitigate climate change.

- 3) **Legal precedents.** This bill is modeled after other laws that are designed to mitigate the costs of environmental damage.

CERCLA, or Superfund, provides a Federal “Superfund” to finance the cleanup of hazardous waste sites. Under CERCLA, the US EPA has the authority to identify responsible parties to either perform cleanups or reimburse the government for US EPA-led cleanup efforts.

Where there is no viable responsible party, CERLA provides for funding and authority for the US EPA to preform cleanup work.

CERLA liability is retroactive, meaning parties may be held liable for acts that happened before CERCLA’s enactment in 1980, joint and several (any one potentially responsible party may be held liable for the entire cleanup of the site when the harm caused by multiple parties cannot be separated), and strict (a responsible party cannot simply say that it was not negligent or that it was operating according to industry standards; if a responsible party sent some amount of the hazardous waste found at the site, that party is liable).

The Childhood Lead Poisoning Prevention Act assesses compensatory fees against lead paint and leaded gas producers to fund programs to screen and treat lead poisoning in children. The program requires the Department of Public Health to collect the fee annually, based on the polluter’s market share responsibility for environmental lead contamination. In a challenge by a petroleum company to its allocation, the California Court of Appeals found “there was a reasonable basis for the department to allocate the lead program fee in the manner it did, based on the gasoline industry’s responsibility for contaminating the environment with lead.”

In the last year, New York and Vermont have enacted their own Climate Superfund laws. Vermont’s law, the Climate Superfund Act, allows the state to recover financial damages from fossil fuel companies for the impacts of climate change to Vermont. Funds collected will support climate adaptation projects. The implementation strategy for the law is expected by July 1, 2025, and the formal rulemaking process is expected to begin in early 2026.

New York’s Climate Change Superfund Act, establishes a cost recovery program that requires companies that have significantly contributed to the buildup of GHGs in the atmosphere to bear a share of the costs for needed infrastructure investments to adapt to climate change.

Similar legislation has been introduced in Maryland (HB 1438 and SB 958), Massachusetts (HB 872 and SB 481), and New Jersey (AB 4696 and SB 3545). Last year Senator Menjivar introduced SB 1147, which was substantially similar to this bill.

- 4) **Carbon majors.** Carbon Majors is a database of historical production data from 180 of the world’s largest fossil fuel and cement producers operated by InfluenceMap, a nonprofit think tank. First published first in 2013 by Richard Heede, the Carbon Majors report describes the GHG contributions attributable to major fossil fuel companies. According to the April 2024 report:

This project was undertaken to trace the origin of anthropogenic CO2 and methane to the world's largest extant producers of carbon fuels and cement. The primary driver of climate change is not current emissions, but cumulative (historic) emissions. This project quantifies and traces for the first time the lion's share of cumulative global CO2 and methane emissions since the industrial revolution began to the largest multinational and state-owned producers of crude oil, natural gas, coal, and cement. These fuels, used as intended by billions of consumers, have led to the most rapid increase in atmospheric CO2 of the last 3 million years and the highest concentration of CO2 of the last 800,000 years.

The report found that just 90 fossil fuel-producing entities (the so-called “carbon majors”) were responsible for 63.4% of global industrial GHG emissions between 1751 and 2010.

- 5) **Attribution science:** Developments in recent years in a new type of research called “attribution science” (or “even attribution”) can help determine if climate change made extreme weather and weather-related events more severe and more likely to occur, and if so, by how much. Extreme weather events have always existed, but climate change is increasing the frequency, number, and severity of these events. Attribution science is intended to quantify climate change’s relative influence on these events.

In implementing Vermont’s Climate Superfund, a recent feasibility report produced by the Vermont Agency of Natural Resources reports that attribution science has developed in the past two decades, enabling researchers to link the emissions of individual actors to damages on a national level, with experts describing a full causal chain from emissions to impacts. Further development of this science will be necessary to address the full scope of climate impacts covered in Vermont by the Climate Superfund.

- 6) **Paying the price.** The costs of climate change, including the costs of climate disaster recovery, adaptation, and mitigation will continue to climb and must be paid. Should those costs be borne by the companies most involved in the production and sale of fossil fuels, or by the Californians unlucky enough to live through the disasters that result? This bill is intended to require those who profited from the production of fossil fuels to cover the costs of the damage done to the climate by their use.

According to the Carbon Majors dataset, there are only 133 global entities that have ever produced over a billion tons of CO2-equivalent GHG emissions (through a combination of their own operations as well as those associated with the combustion of their products). Of those 133, only 26 operate in the United States. Of those 26, it is not apparent which have generated over one billion metric tons of GHG emissions or have done business in California. Regardless, this bill will likely impact relatively few entities as responsible parties.

- 7) **This bill.** This bill is intended to shift the burden of paying for the high costs of climate change from California taxpayers to the businesses that have profited off the fossil fuel industry.

8) Author's statement:

The Central Coast has faced the devastating impacts of climate change, from floods and wildfires to coastal erosion. This year's fires in Los Angeles serve as a stark reminder that collective inaction has catastrophic consequences for all Californians. AB 1243 will provide critical relief to impacted communities. We can't deny that climate change is real, and we must take action now to prepare and rebuild after these devastating events.

9) Double referral. This bill has also been referred to the Assembly Judiciary Committee.**10) Related legislation.**

SB 684 (Menjivar) is substantially similar to this bill. SB 684 has been referred to the Senate Judiciary Committee.

SB 1497 (Menjivar, 2024) was substantially similar to this bill. It was held on the Senate Inactive File.

REGISTERED SUPPORT / OPPOSITION:**Support**

1000 Grandmothers	Better APC
198 Methods	Better Future Project
350 Bay Area Action	Beyond Extreme Energy
350 Conejo/San Fernando Valley	Bicycling Monterey
350 Contra Costa Action	Biofuelwatch
350 Humboldt	Black Women for Wellness Action Project
350 Marin	CA Youth Vs. Big Oil
350 Sacramento	California Association of Professional Employees
350 Santa Barbara	California Businesses for Climate Justice
350 Southland Legislative Alliance	California Calls
350 Ventura County Climate Hub	California Climate Voters
350.org	California Environmental Justice Alliance Action
Action for the Climate Emergency	California Environmental Voters
Active San Gabriel Valley	California Federation of Teachers
Alliance of Californians for Community Empowerment	California Green New Deal Coalition
American Academy of Pediatrics, California	California Institute for Biodiversity
American Federation of State, County and Municipal Employees	California Interfaith Power & Light
American Lung Association	California National Organization for Women
Asian Pacific Environmental Network	California Nurses Association
Avaaz	California Nurses for Environmental Health and Justice
Azul	California Working Families Party
Ballona Institute	Californians Against Waste
Bay Area-System Change Not Climate Change	Campaign for a Safe and Healthy California
Benioff Ocean Science Laboratory	

Carbon Cycle Institute
CCAN Action Fund
Center for Biological Diversity
Center for Community Action and Environmental Justice
Center for Developing Leadership in Science
Center for Environmental Health
Center on Race, Poverty and the Environment
Central California Asthma Collaborative
Central California Environmental Justice Network
Cerbat
CFT- a Union of Educators & Classified Professionals, AFT, AFL-CIO
Church and Society of First Presbyterian Church of San Anselmo
Church and Society, First Presbyterian
Clean Water Action California
Cleanearth4kids.org
Climate Action California
Climate Action Campaign
Climate Defenders
Climate Equity Policy Center
Climate First: Replacing Oil & Gas
Climate Hawks Vote
Climate Health Now
Climate Reality Project San Diego
Climate Reality Project San Fernando Valley Chapter
Climate Reality Project San Francisco Bay Area Chapter
Climate Reality Project, California Coalition
Climate Reality Project, Orange County
Coalition for Clean Air
Coalition for Humane Immigrant Rights
Coastal Defenders
Coastal Lands Action Network
Communities for a Better Environment
Conejo Climate Coalition
Consumer Attorneys of California
Consumer Watchdog
Courage California
Culver City Democratic Club
Dayenu: a Jewish Call to Climate Action
Defend Ballona Wetlands
Democrats of Rossmoor
Dr. Bronner's
Earth Ethics, INC
Eco Office of ASUC Senator China Duff
Eko
Elders Climate Action
Elected Officials to Protect America
Endangered Habitats League
Environmental Center of San Diego
Environmental Defense Center
Evergreen Action
Extinction Rebellion San Francisco Bay Area
Facts Families Advocating for Chemical and Toxics Safety
Food & Water Watch
Fossil Free California
Fossil Free Media
Fractracker Alliance
Fridays for Future Sacramento
Friends Committee on Legislation of California
Friends of the Earth
Friends of the River
Glendale Environmental Coalition
Good Neighbor Steering Committee of Benicia
Great Basin Land & Water
Greenfaith
Greenpeace USA
Grid Alternatives
Human Impact Partners
ILWU Northern California District Council
Immaculate Heart Community Environmental Commission
Individual Climate Scientists & Environmental Science Experts
Individual Economists
Indivisible CA Statestrong
Indivisible Marin
Little Manila Rising
Long Beach Alliance for Clean Energy
Los Angeles Climate Reality Project
Los Angeles County Democratic Party
Los Angeles Faith & Ecology Network
Make Polluters Pay National Campaign
Mill Valley Seniors for Peace
Mothers Out Front Silicon Valley
Move LA
Natural Resources Defense Council
NextGen California

No Drilling Contra Costa
NorCal Elder Climate Action
Oil & Gas Action Network
Oil Change International
Our Revolution
Our Time to ACT
Oxfam America
Pacific Environment
Physicians for Social Responsibility - Los Angeles
Physicians for Social Responsibility - Pennsylvania
Physicians for Social Responsibility - Sacramento Chapter
Physicians for Social Responsibility - San Francisco Bay Area Chapter
Poder
Presente.org
Protect Monterey County
Protect Playa Now
Public Citizen
Reclaim Our Power!
Redeemer Community Partnership
Regional Asthma Management & Prevention
Resilient Palisades
Rise Economy
Rising Sun Center for Opportunity
Rootsaction.org
Sacramento Splash
San Diego 350
San Diego Pediatricians for Clean Air
San Francisco Baykeeper
Santa Cruz Climate Action Network
Santa Cruz County Democratic Central Committee
Social Eco Education
Seventh Generation
Sierra Club California
SoCal 350 Climate Action
SoCal Elders Climate Action
Society of Native Nations

Opposition

African American Farmers of California
American Chemistry Council
American Forest & Paper Association
Bay Area Council

Southern California Public Health Association
Spottswoode Winery, INC.
Stand.earth
Strategic Concepts in Organizing and Policy Education
Sunflower Alliance
Sunrise Bay Area
Sunrise Movement
Sunrise Movement LA
Sustainable Mill Valley
Sustainable Rossmoor
Synergistic Solutions
The Aquarian Minyan
The Climate Center
The Phoenix Group
The Story of Stuff Project
The Wendy and Eric Schmidt Center Data Science and Environment At UC Berkeley
Third ACT
Third ACT Bay Area
Third ACT Sacramento
Third ACT SoCal
Third ACT Upstate New York
Tiaa-divest!
Transition Sebastopol
Unidos Network INC
Union of Concerned Scientists
Vote Solar
Voters of Tomorrow
Voting 4 Climate & Health
Wellness Equity Alliance
West Berkeley Alliance for Clean Air and Safe Jobs
Wildearth Guardians
Youth for Earth
Youth V. Oil
Youth Will
Youth4Climate

California-Nevada Conference of Operating Engineers
California Business Properties Association

California Cement Manufacturers
Environmental Coalition
California Chamber of Commerce
California Fuels and Convenience Alliance
California Hispanic Chamber of Commerce
California Independent Petroleum
Association
California League of Food Producers
California Manufacturers & Technology
Association
California Retailers Association
California State Council of Laborers
California Sustainable Cement
Manufacturing & Environment
California Taxpayers Association
Central Valley Business Federation
Civil Justice Association of California
Coastal Energy Alliance
District Council of Iron Workers of the State
of California and Vicinity
East Bay Leadership Council
Greater Coachella Valley Chamber of
Commerce
Hispanic 100

Independent Energy Producers Association
Industrial Association of Contra Costa
County
Inland Empire Economic Partnership
International Brotherhood of Boilermakers
Lake Elsinore Valley Chamber of
Commerce
Latin Business Association
Multicultural Business Alliance
Murrieta Wildomar Chamber of Commerce
Naip of California
Nisei Farmers League
Orange County Business Council
Painters & Allied Trades
Port Hueneme Chamber of Commerce
Santa Barbara Taxpayers Advocacy Center
Si Se Puede
South County Chambers of Commerce
State Building & Construction Trades
Council of California
Ventura County Coalition of Labor,
Agriculture and Business
Western Propane Gas Association
WSPA

Analysis Prepared by: Elizabeth MacMillan / NAT. RES. /