

pollution.” For example, a warehouse or port could be an indirect source; it does not produce significant emissions itself, but it causes the concentration of mobile sources in a place they may not otherwise have been. Actions taken to reduce these emissions (indirect source rules, or ISRs) can vary significantly and be implemented flexibly. Implementing an ISR may look like installing zero-emission vehicle infrastructure, requiring mobile sources to use cleaner technology, or requiring other mitigations or fees.

In California, ISRs are currently the exclusive purview of local air districts, although many of the actions required under an ISR may have significant overlap with mobile source regulations imposed by ARB. Still, other actions considered as part of an ISR could resemble actions taken by local governments. In short, the exact confines and contours of what an ISR can and cannot be are not entirely clear in statute. ARB’s authority to regulate indirect sources is indirect. Under current law, if ARB finds that a district is not taking reasonable action to enforce the statutory provisions, rules, and regulations relating to air quality in such a manner that will likely achieve and maintain state air quality standards, ARB may exercise any of the powers of that district to achieve and maintain such standards. This bill gives ARB explicit authority to regulate indirect sources, potentially on a statewide basis, as opposed to district by district.

In 2021, the South Coast Air Quality Management (SCAQMD) adopted an ISR rule for warehouses (Rule 2305), which requires warehouses greater than 100,000 square feet to directly reduce nitrogen oxide and diesel particulate matter emissions, or to otherwise reduce emissions and exposure of these pollutants in nearby communities. According to Earthjustice, American Lung Association, and Natural Resources Defense Council – the co-sponsors of this bill – “since this rule went into effect in the Los Angeles region, not only has there been a marked decrease in NOx emissions, but we have also seen steady growth in the warehouse industry, proving that clean air solutions and a strong economy go hand-in-hand.”

Among other organizations in opposition, the California Chamber of Commerce (CalChamber) argues this bill creates “expansive and unbounded” statewide regulatory authority and creates “duplicative, costly, and uncertain compliance obligations that will ultimately increase costs for consumers and discourage investment in California.”

The committee notes there is no requirement in the bill for an ISR to be an inflexible “one-size-fits-all” model. ARB notes it has extensive experience with developing regulations that have built-in flexibility and multiple compliance options. For example, the Ocean-Going Vessels At Berth Regulation has tiered compliance deadlines that include a two-year difference for tankers at the Ports of Los Angeles and Long Beach and tankers at other California ports.

- 3) **Related Legislation.** AB 914 (Garcia) of the current legislative session requires ARB to adopt rules to control emissions of criteria pollutants and toxic air contaminants from indirect sources and authorizes ARB to adopt certain fees to fund implementation of the rules. AB 914 died on the Assembly Inactive File.

SB 34 (Richardson) of the current legislative session imposes specified conditions and limits on actions by SCAQMD to impose new or additional emissions reduction requirements on sources of air pollution associated with operation of the Ports of Los Angeles and Long Beach until 2031. SB 34 was vetoed by the Governor.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081