

Date of Hearing: April 6, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 2184 (Wilson) – As Introduced March 26, 2026

SUBJECT: Cap-and-Invest Program: nature-based climate solutions: funding

SUMMARY: Requires, after specified expenditures, \$250 million to be appropriated from the Greenhouse Gas Reduction Fund (GGRF) in the annual Budget Act annually from fiscal year (FY) 2027-2028 to 2045-2046, for solutions on natural, working, and urban lands pursuant to targets established by the Natural Resources Agency (NRA), the California Department of Food and Agriculture (CDFA), and the Air Resources Board (ARB).

EXISTING LAW:

- 1) Requires the Air Resources Board (ARB) to prepare and approve a scoping plan for achieving the maximum technologically feasible and cost-effective reductions in greenhouse gas (GHG) emissions from sources or categories of sources of GHGs by 2020. (Health and Safety Code (HSC) 38561)
- 2) Requires the GHG emissions reduction limit to be at least 85% below the 1990 level by 2045 and establishes a goal of net zero carbon emissions by 2045, commonly known as carbon neutrality. (HSC 38562.2)
- 3) Requires, on or before January 1, 2024, the Natural Resources Agency (NRA), in collaboration with ARB, the California Environmental Protection Agency (CalEPA), the Department of Food and Agriculture (CDFA), the expert advisory committee, and other relevant state agencies, 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. Requires these targets to be integrated into the scoping plan and other state policies. (HSC 38561.5)
- 4) Defines “nature-based climate solutions” as activities, such as restoration, conservation, and land management actions, that increase net carbon sequestration or reduce GHG emissions in natural and working lands. (HSC 38561.5 (a)(3))
- 5) Establishes the GGRF and requires all moneys in the GGRF to be available for appropriation by the Legislature. Requires all moneys deposited in the GGRF to be appropriated and be separately identified in the annual Budget Act. (Government Code 16428.8)
- 6) Requires that moneys in the GGRF be used to facilitate the achievement of GHG emissions reductions. Specifies that moneys appropriated from the GGRF may be allocated to reduce GHG emissions in the state through investments that include, but are not limited to, funding to reduce GHG emissions:

- a) Through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and related actions;
 - b) Through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation;
 - c) Associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture;
 - d) Through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse;
 - e) Through investments in programs implemented by local and regional agencies, local and regional collaboratives, Native American tribes in the state, and nonprofit organizations; and,
 - f) Research, development, and deployment of innovative technologies, measures, and practices related to programs and projects. (HSC 39712)
- 7) Requires the Legislature to appropriate the GGRF for the purpose of reducing GHG emissions in accordance with the requirements of HSC 39712. (HSC 39719 (a))
- 8) Requires the annual proceeds of the GGRF to be continuously appropriated for the following:
- a) 35% for transit, affordable housing, and sustainable communities programs, as specified;
 - b) 25% to the High-Speed Rail Authority for the specified components of the initial operating segment and Phase I Blended System as described in the 2012 business plan;
 - c) 5% of the annual proceeds of the GGRF, up to \$130 million, to the Safe and Affordable Drinking Water Fund, until June 30, 2030; and,
 - d) \$200 million to Department of Forestry and Fire Protection for healthy forest and fire prevention programs through FY 2028-29. (HSC 39719 (b))
- 9) Dictates, beginning with the 2026-2027 fiscal year, the priority in which GGRF moneys are to be allocated. (HSC 39719.4)
- 10) States the intent of the Legislature to prioritize funding for air toxic and criterial air pollutants; low- and zero-carbon transportation alternatives; sustainable agriculture practices; healthy forests and urban greening; nature-based climate solutions; short-lived climate pollutants; climate adaptation and resiliency; and, climate and clean energy research. (HSC 38590.1)

THIS BILL:

- 1) Requires, after the amounts in HSC 39719 (a)-(b) and HSC 39719.4 are fully allocated as determined by the Department of Finance, \$250 million to be appropriated from the GGRF in the annual Budget Act each FY from the 2027–2028 through the 2045–46 fiscal year, inclusive, to achieve nature-based climate solutions, as follows:
 - a) \$150 million to NRA to fund nature-based climate solutions necessary to achieve the targets set pursuant to HSC 38561.5, and to draw down and store carbon dioxide from the atmosphere in soils and biomass while also protecting wildlife habitat, enhancing biodiversity, and increasing clean air, water and food security.
 - b) \$100 million for nature-based climate solutions at the discretion of the Legislature to achieve the targets set pursuant to HSC 38561.5.
- 2) Requires, after the amounts in HSC 39719 (a)-(b) and HSC 39719.4 are fully allocated as determined by the Department of Finance, \$150 million to be appropriated from the GGRF in the annual Budget Act each FY from the 2027–2028 through the 2045–46 fiscal year, inclusive, to fund sustainable agricultural practices and nature-based climate solutions that reduce methane, nitrous oxide, and carbon dioxide emissions and input costs for farmers, increase carbon sequestration and climate resilience, improve water quality, air quality, and other environmental and public health benefits, and maintain food security and affordability, including:
 - a) Multibenefit manure management systems that reduce methane emissions and water use, improve water quality, and increase compost production and soil health;
 - b) Solar-powered, electric, and high-efficiency irrigation systems that reduce nitrous oxide and carbon dioxide emissions and energy use, and improve water use efficiency, water quality, and air quality; and,
 - c) Healthy soils practices and organic systems that reduce nitrous oxide emissions, soil carbon loss, fertilizer and pesticide use, and dust and increase carbon sequestration, water infiltration and retention, drought and flood resilience, and biodiversity.
- 3) Authorizes the use of up to 10% of the total funding allocated under this bill to be used for technical assistance.
- 4) Specifies that for any fiscal year in which the Department of Finance determines that, if after fully allocating the amounts in in HSC 39719 (a)-(b) and HSC 39719.4, there are insufficient annual proceeds to fully fund the appropriations in this bill, the allocated funds be proportionally allocated, as specified.
- 5) Specifies that funded nature-based climate solutions and sustainable agriculture practices shall maximize co-benefits to the greatest degree possible, as specified.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Nature-based solutions.** Current law defines natural lands as lands consisting of forests, grasslands, deserts, freshwater and riparian systems, wetlands, coastal and estuarine areas, watersheds, wildlands, or wildlife habitat, or lands used for recreational purposes such as parks, urban and community forests, trails, greenbelts, and other similar open-space land. Working lands include lands used for farming, grazing, or the production of forest products. Natural and working lands cover approximately 90% of the state's 105 million acres, including California Native American tribes' ancestral and cultural lands and waters.

Healthy natural and working lands can sequester and store carbon, limit future carbon emissions into the atmosphere, protect people and nature from the impacts of climate change, and build resilience to future climate risks. Forests and shrublands contain the majority of California's carbon stock because they cover the majority of California's landscape and have the highest carbon density of any type of land cover.

AB 1757 (Garcia), Chapter 341, Statutes of 2022, requires NRA to develop 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

In February, ARB released the second edition of California's Natural and Working Lands Carbon Inventory, an updated inventory calculating carbon stored in California's natural and working lands using design principles established by the Intergovernmental Panel on Climate Change (IPCC). The data show plants have absorbed twice the carbon lost to wildfires, demonstrating the important role of nature as the state works toward carbon neutrality.

The inventory is developed to identify how lands can help California achieve carbon neutrality by measuring annual gains and losses year over year. The inventory shows that California lands store nearly five billion metric tons of carbon with more than 70% of all carbon in forests and shrublands. The inventory accounts for all organic carbon stored in living and dead biomass, near-surface soils, and wood products harvested from within the state.

ARB produced the inventory using design principles established by the IPCC and a combination of remote sensing data and ground-based measurement data.

The inventory underscores the massive amount of carbon in California's vegetation and soils and the importance of achieving state's nature-based solutions climate targets.

- 2) **GGRF investments.** AB 1207 (Irwin), Chapter 117, Statutes of 2025, extends authorization for ARB's cap-and-trade regulation through 2045; requires ARB to ensure that emissions from covered sources decline with the 2030 and 2045 GHG emissions targets; maintains existing offsets limits, but requires offsets to be exchanged for allowances under the emissions cap; unfreezes industry assistance factors used to determine allocation of free allowances, allowing ARB, beginning in 2031, to set factors to minimize leakage risk; extends regulatory protections for the oil and gas industry; and, revises use of revenue from allocation of allowances to utilities to increase and target credits on electric utility bills, except for 5% of revenues directed to support public financing of transmission projects.

SB 804 (Limón), Chapter 121, Statutes of 2025, establishes a new structure for allocating the GGRF beginning with FY 2026-27, including \$1 billion for high-speed rail, \$1 billion reserved for discretionary appropriation, commitments to other major categories consistent with previous appropriations, and \$3 million to establish a new climate bureau at Legislative Counsel. This bill additionally requires ARB to update all existing compliance offset protocols to reflect best available science.

- 3) **This bill.** This bill is intended to ensure long-term funding for nature-based climate solutions by directing moneys in the GGRF available after meeting current statutory requirements for this purpose. The author states that the conservation and restoration of natural, working, and urban lands will not only reduce climate pollution but will also provide the necessary adaptation benefits to safeguard California communities and ecosystems from climate extremes. The author notes that nature-based climate solutions have historically been underfunded, in spite of their potential to deliver climate benefits. Unlike many other climate priorities, nature-based solutions do not currently receive any continuously appropriated funding.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Bay Area Action
American Bird Conservancy
California Certified Organic Farmers (CCOF)
California Climate & Agriculture Network (CALCAN)
California State Parks Foundation
California Wildlife Foundation
Californians Against Waste
Californians for Pesticide Reform
Carbon Cycle Institute
Center for Environmental Health
Climate Health Now Action Fund
Community Environmental Council
Endangered Habitats League
Environment California
Escondido Creek Conservancy
FACTS: Families Advocating for Chemical & Toxics Safety
Friends Committee on Legislation of California
Friends of Plumas Wilderness
Hills for Everyone
Jonas Philanthropies
Land Trust of Santa Cruz County
Los Angeles Waterkeeper
Mono Lake Committee
Office of Kat Taylor
Pacific Forest Trust
Pesticide Action & Agroecology Network
Planning and Conservation League

River Partners
San Francisco Baykeeper
Santa Clara Valley Open Space Authority
Santa Cruz Climate Action Network
Save the Bay
Sequoia Riverlands Trust
Sierra Consortium
Sierra Nevada Alliance
South Yuba River Citizens League
Straus Family Creamery
Sugar Pine Foundation
The Climate Center
The Wildlands Conservancy
Wild Farm Alliance
Wildcoast

Opposition

None on file

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