

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

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

Policy Committee: Natural Resources Vote: 11 - 2

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill annually appropriates, after certain statutorily required expenditures are fully allocated, \$400 million from the Greenhouse Gas Reduction Fund (GGRF) to achieve nature-based climate solutions on natural, working, and urban lands and for sustainable agricultural practices.

Specifically, this bill:

- 1) Requires, after specified statutorily required amounts are fully allocated as determined by the Department of Finance (DOF), \$250 million to be appropriated from GGRF in the annual Budget Act each fiscal year (FY) from 2027–28 through the 2045–46, inclusive, to achieve nature-based climate solutions on natural, working, and urban lands pursuant to targets set in 2024 by the California Natural Resources Agency (CNRA) with the California Department of Food and Agriculture (CDFA) and the Air Resources Board (ARB) as follows:
 - a) \$150 million to CNRA to fund nature-based climate solutions necessary to achieve the aforementioned targets, reduce greenhouse gas (GHG) emissions, and 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 aforementioned targets.
- 2) Requires, after specified statutorily required amounts are fully allocated as determined by DOF, \$150 million to be appropriated from GGRF in the annual Budget Act each FY from 2027–28 to 2045–46, inclusive, to CDFA to fund sustainable agricultural practices and nature-based climate solutions, as specified. Authorizes CDFA to use up to 10% of its allocated funding for technical assistance, as specified.
- 3) Specifies that for any FY in which DOF determines that, if after fully allocating the amounts specified in current law, there are insufficient annual proceeds to fully fund the appropriations in this bill, the allocated funds shall be proportionally allocated, as specified.
- 4) Requires nature-based climate solutions and sustainable agricultural practices funded by this bill to maximize co-benefits to the greatest degree possible, as specified.

FISCAL EFFECT:

- 1) Ongoing annual cost pressure of up to \$400 million (GGRF) to fund sustainable agricultural practices and nature-based climate solutions on natural, working, and urban lands, as required by this bill. As described in a recent report by the Legislative Analyst's Office (LAO) and as detailed in the background below, DOF does not anticipate GGRF will have adequate revenues in FY 2026-27 to support the full amounts identified for the "tier three" programs enumerated in SB 840 (Limón), Chapter 121, Statutes of 2025. Instead, according to the LAO, DOF projects that tier three programs will be subject to proportional reductions in FY 2026-27 and potentially in future years. Since the set-asides proposed in this bill presumably go into effect only after the SB 840 priorities are fully funded, absent a significant increase in auction proceeds and GGRF revenue, it is not clear how much, if any, funding will be available for the priorities outlined in this bill.
- 2) ARB notes its implementation costs will depend on the number of new GGRF-funded programs created as a result of this bill. ARB reports its ongoing annual costs could range from \$391,000 to \$1.8 million (GGRF). This includes, among other things, contract funds to study and develop novel assessment methodologies for the co-benefits described in the bill that are not already covered under ARB's existing co-benefit assessment methodologies (including food security and affordability, biodiversity, water quality, groundwater recharge, access to recreational opportunities, access and opportunity for tribal cultural practices, tourism, wildlife habitat, insurance premium savings, reduced risk and resilience to natural disasters, and decreased wildlife vehicle crashes).
- 3) CDFA estimates ongoing annual costs of approximately \$7.4 million (GGRF) to manage and annually award \$150 million for nature-based solutions in agriculture. This includes 25 positions to scale up various CDFA programs (such as the Healthy Soils Program, the State Water Efficiency and Enhancement Program, the Dairy Digester Research and Development Program, and the Alternative Manure Management Program), operating expenses, equipment, and program evaluation, as well as ongoing administrative, legal, and IT needs.
- 4) CNRA estimates ongoing annual costs of approximately \$125,000 (GGRF) to administer funding through its existing grant programs and for project tracking, reporting, and coordination. It is possible CNRA's boards, departments, and conservancies may incur additional costs to implement and scale up existing and new programs as a result of this bill.

COMMENTS:

- 1) **Purpose.** According to the author:

Nature-based climate solutions can help deliver climate resilience but have been historically underfunded. AB 2184 is not a one-time investment, it is a long-term commitment to climate, community, and economic health. Sustained funding will allow California to scale up proven nature-based solutions, create green jobs, and deliver real benefits to those who need them most.

- 2) **Background. *Recent Changes to GGRF.*** In 2025, the Legislature enacted AB 1207 (Irwin), Chapter 117, Statutes of 2025, and SB 840, which extended and made various changes to the state's cap-and-invest program, including creating new allocation tiers. Cap-and-invest, an important part of the state's strategy to reduce GHG emissions, establishes a declining limit on major sources of GHG emissions throughout California. Proceeds from the program's

auctions are deposited into GGRF and support a wide range of programs and projects, often referred to as California Climate Investments (CCIs); the Legislature and Governor appropriate money from GGRF to state agencies through the annual budget process. According to ARB, since the first appropriations were made in 2014, CCI programs have implemented more than \$12.8 billion through thousands of projects.

As summarized in a recent report by the LAO, SB 840 makes various modifications to the allocation of GGRF revenues starting in FY 2026-27. For example, SB 840 changed some statutory allocations from set percentages of annual GGRF revenues to fixed dollar amounts and modified the order in which certain allocations are made.

With some caveats, auction revenues are to be allocated first to an existing manufacturing tax exemption (roughly \$160 million), state operations (roughly \$120 million), the existing State Responsibility Area fee backfill (roughly \$90 million), and a new Legislative Counsel Climate Bureau (\$3 million). Next, tier two allocates \$1 billion to the high-speed rail project and \$1 billion to unspecified programs subject to appropriation; SB 840 includes intent language for spending some of this funding. Next, if funding is available, tier three allocates \$800 million for the Affordable Housing and Sustainable Communities Program (the Governor has proposed budget trailer language to divide this program into two separate programs), \$400 million for the Transit and Intercity Rail Capital Program, \$250 million for the Community Air Protection Program, \$200 million for the Low-Carbon Transit Operations Program, \$200 million for wildfire and forest resilience, and \$130 million for the Safe and Affordable Drinking Water Program. SB 840 requires DOF to proportionately reduce the amounts for the programs in tier three if funding is insufficient to fully support them. Finally, in tier four, remaining funding is subject to legislative appropriation for discretionary purposes.

In addition to the statutory allocations described above, the Legislature enacted statutory language in 2025 expressing its intent to use discretionary tier three GGRF monies to support certain other activities (such as transit passes and climate-focused technological innovation) in FY 2026-27 and future years. Additionally, the 2025 budget expressed the Legislature's intent to provide GGRF funding in FY 2026-27, and potentially in future years, to support some Department of Forestry and Fire Protection activities that otherwise would be funded from the General Fund.

As part of the Governor's budget for FY 2026-27, the administration proposes to allocate \$1.6 billion from GGRF for discretionary tier three activities. The administration has also proposed budget trailer language making various changes to SB 840 and has proposed to fund a few new activities from the state operations portion of GGRF (in tier one). Finally, ARB has submitted a budget change proposal requesting \$3.6 million ongoing and 10 permanent positions (Cost of Implementation Account and GGRF) to implement the updated regulations and program requirements for the reauthorized cap-and-invest program, consistent with AB 1207 and SB 840. DOF forecasts cap-and-invest auction proceeds of \$3.8 billion in FY 2026-27.

Nature-Based Solutions. Scientists and climate experts around the world have identified the critical importance of nature-based solutions to stabilize global climate. Lands managed for health and resilience can remove and store carbon, limit future GHG emissions, and increase resilience to climate impacts. In 2024, the state developed nature-based solutions climate

targets for 2030, 2038, and 2045 that contribute to California’s goals of achieving carbon neutrality no later than 2045.

According to a coalition of organizations in support of this bill, nature-based solutions and sustainable agricultural practices “have long been underfunded, despite their proven ability to deliver cost-effective and durable climate mitigation and resilience.” The coalition notes that of the 81 targets identified by CNRA in the 2024 climate targets, only targets under “wildfire risk reduction,” such as prescribed fire and fuel reduction projects, receive continuous funding through SB 840, and nature-based climate solutions and sustainable agricultural practices are the only priority areas included in the cap-and-invest program that do not receive continuous appropriations in SB 840. The coalition argues that failing to invest in nature-based and sustainable agricultural climate solutions now “will worsen the crises – fires, floods, sea level rise, and droughts – that drive up everyday costs for Californians, from energy and insurance bills to food prices at the grocery store.”

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