

Date of Hearing: July 14, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

SB 840 (Limón) – As Amended March 26, 2025

SENATE VOTE: 38-0

SUBJECT: Greenhouse gases: report

SUMMARY: Removes 2030 sunset on Legislative Analyst's Office (LAO) annual report to the Legislature on the economic impacts and benefits of greenhouse gas (GHG) emissions targets for 2020 and 2030. Requires the Independent Emissions Market Advisory Committee (IEMAC) to review the LAO's annual report in a public hearing.

EXISTING LAW:

- 1) Requires the Air Resources Board (ARB) to adopt a statewide GHG emissions limit equivalent to 1990 levels by 2020, to ensure that statewide GHG emissions are reduced to at least 40% below the 2020 statewide limit no later than December 31, 2030, and to adopt rules and regulations to achieve maximum technologically feasible and cost-effective GHG emission reductions. (Health and Safety Code (HSC) 38500 *et seq.*)
- 2) Declares the policy of the state to achieve net zero GHG emissions as soon as possible, but no later than 2045, and to achieve and maintain net negative GHG emissions thereafter. (HSC 38562.2)
- 3) Requires any direct regulation or market-based compliance mechanism to achieve GHG reductions that are real, permanent, quantifiable, verifiable, and enforceable by ARB. (HSC 38562)
- 4) Authorizes ARB, in furtherance of achieving the 2020 statewide limit, 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 from January 1, 2012, to December 31, 2020, to comply with GHG reduction regulations, once specified conditions are met. Under this authority, ARB adopted a cap-and-trade regulation which 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. In 2017, AB 398 (E. Garcia), Chapter 135, Statutes of 2017, extended ARB's cap-and-trade authority through 2030, required ARB to establish a price ceiling on GHG emission allowances in consideration of specified factors, added several new conditions governing the management and allocation of allowances, and reduced limits on compliance offsets. AB 398 requires the LAO annual report until 2030 and established the IEMAC until 2031. (HSC 38562, 38591.2, 38592.6)

FISCAL EFFECT: According to the Senate Appropriations Committee, cost pressure in the low hundreds of thousands of dollars annually (General Fund) for the LAO to continue producing the annual report in lieu of other work.

COMMENTS:**1) Author's statement:**

California has ambitious climate goals, reducing our overall greenhouse gas emissions 40% the 1990 levels by 2030. Cap and trade has been a cost effective way to reduce greenhouse gas emissions in California, but it is set to sunset in 2030. This bill removes the sunset date on a report the Legislative Analyst's Office is required to submit to the legislature on the economic impacts of our climate targets.

- 2) **Great expectations.** This bill is a vehicle for potential extension of the cap and trade regulation. The "support if amended" and "oppose unless amended" letters listed below are based on aspirations for the cap and trade extension, not the current contents of the bill.

REGISTERED SUPPORT / OPPOSITION:**Support (if amended)**

Alchemist CDC
 California Certified Organic Farmers (CCOF)
 California Climate & Agriculture Network (CALCAN)
 California Farmlink
 California Food and Farming Network
 Carbon Cycle Institute
 Center for Food Safety
 Ceres Community Project
 Coalition for Clean Air
 Community Alliance With Family Farmers
 Community Environmental Council
 Environmental Defense Fund
 Farm2People
 Food Access LA
 Move LA
 NextGen California
 Office of Kat Taylor
 Pesticide Action & Agroecology Network
 Public Advocates
 Roots of Change
 Sierra Harvest
 Sustainable Agriculture Education
 Union of Concerned Scientists
 Wild Farm Alliance

Opposition (unless amended)

Asian Pacific Environmental Network (APEN)
 California Environmental Justice Alliance
 Center on Race, Poverty & the Environment

Central California Asthma Collaborative (CCAC)
Central California Environmental Justice Network (CCEJN)
Central Valley Air Quality Coalition (CVAQ)
Clean Water Action
Climate Center
Communities for a Better Environment
Community Water Center
Leadership Counsel for Justice and Accountability
Physicians for Social Responsibility - Los Angeles
The Greenlining Institute
Transform

Analysis Prepared by: Lawrence Lingbloom / NAT. RES. /