

**BILL:** TBD

**AUTHOR:** TBD

**SUBJECT:** CALIFORNIA GLOBAL WARMING SOLUTIONS ACT OF 2006:  
MARKET-BASED COMPLIANCE MECHANISMS

**STATUS:** PENDING

**ACTION:** SUPPORT

### **RECOMMENDATION**

Staff recommends that the Board reaffirm its support for the State's cap and trade program. The State Air Resources Board (CARB) is authorized under the California Global Warming Solutions Act of 2006 to monitor and regulate the sources of greenhouse gases and administer the cap and trade program.

Litigation has continued to threaten the State's Cap and Trade Program. In addition, during the Legislature's consideration of SB 1 (Beall, Frazier), the state transportation funding legislation, there was substantial discussion about increasing transit funding through the State's cap and trade program. Most recently, there has been substantial debate and discussion in the Legislature with respect to the need to exercise a two-thirds vote to reauthorize the cap and trade program beyond 2020, when that vote should take place and how those funds should be allocated.

Staff believes it would be appropriate for the Board to reiterate its support for the cap and trade program and express priorities for how the funds should be allocated. Staff therefore recommends that the Board adopt the following principles to guide our advocacy:

- The Board supports the extension and reauthorization of the cap and trade program by a two-thirds vote of the Legislature.
- The Board supports increasing the allocation cap and trade funds to public transit.
- The Board supports mechanisms that increase the funds allocated to Los Angeles County including mechanisms that ensure funds are allocated to disadvantaged communities.

### **DISCUSSION**

There is also legal uncertainty whether ARB has the authority to operate the cap-and-trade program beyond 2020 and whether extending the authority to auction allowances beyond 2020 would require a two-thirds vote. The Governor's budget includes provisions that propose to continue authorizing spending in Cap-and-Trade funding beyond 2020.

Most recently, the Legislature has considered various proposals to extend and modify the cap and trade program. None of those measures secured enough votes for passage and it is expected that the Legislature will address the issue in the balance of the Legislative Session. Metro, through our Board Approved 2017 State Legislative Program supports the state's cap-and-trade program to fund transportation projects in Los Angeles County.

Metro seeks to ensure that cap-and-trade funds are allocated to transportation and that LA County receives a proportionate share. In previous years, Metro has been awarded funding through several cap-and-trade expenditure categories, including the TIRCP, LCTOP, SHOPP and TRCP programs. Additional priorities Metro would like to see incorporated in a final program to increase funding for transit through the cap-and-trade program.

Staff recommends that the Board reiterate its support for the State's cap and trade program.

#### **DETERMINATION OF SAFETY IMPACT**

There is no determined safety impact due to the enactment of the proposed legislation.

#### **FINANCIAL IMPACT**

The estimated financial impact has yet to be determined.

#### **ALTERNATIVES CONSIDERED**

Adopting an oppose position on re-authorizing the cap and trade program would be counter to the advocacy efforts as outlined in the Board Approved 2017 State Legislative Program Goal #5 which is to maximize opportunities for funding LA County's transportation projects and programs through implementation of the States' cap and trade programs.

#### **NEXT STEPS**

Should the Board decide to adopt the principals of support for the State's cap and trade program as outlined in this staff report; staff will communicate the Board's position to the Legislature as the program and pending legislation continues to be considered.