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Assembly California Legislature



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COMMITTEES
VICE CHAIR: APPROPRIATIONS
BANKING AND FINANCE
BUDGET
PUBLIC EMPLOYEES, RETIREMENT
AND SOCIAL SECURITY
REVENUE AND TAXATION

April 23, 2012

The Honorable John A. Pérez, Speaker
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: AB 1532 (Perez); Section 15.11 of 2012-13 Budget Act

Dear Mr. Speaker:

I respectfully submit this letter to you to raise awareness to the time constraints the Legislature will soon be facing to ensure the requirements and intent of your legislation, AB 1532, as well as the 2012-13 Budget Act will be met. Pursuant to AB 1532 (Ch 807, Stat. 2012), the Legislature passed strict limitations and procedures for the investment of regulatory fee revenues derived from the auction of greenhouse gas (GHG) allowances pursuant to the cap-and-trade program adopted by the Air Resources Board (ARB) under AB 32. As part of this law, the Department of Finance (DOF), on behalf of the Governor, and in consultation with ARB and any other relevant state entity, is required to develop and submit a three-year investment plan to the Legislature at the time of DOF's adjustments to the proposed 2013-14 fiscal year budget.

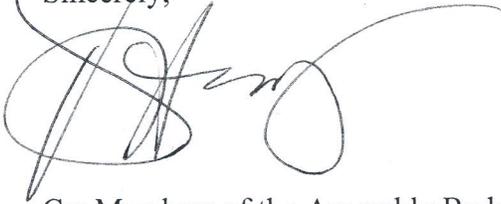
In addition, Section 15.11 of the 2012-13 Budget Act allows the Director of Finance to allocate at least \$500,000,000 from moneys derived from the sale of greenhouse gas emission allowances and make commensurate reductions to General Fund expenditure authority. This section requires the ARB and the Director of Finance to submit a plan for the expenditure of the funds not fewer than 60 days prior to allocating this revenue to assist in achieving the goal of reducing greenhouse gas emissions.

On April 16, 2013, the ARB released its draft Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years 2013-14 through 2015-16. The resulting draft investment recommendations focus on a few key sectors: sustainable communities and clean transportation, energy efficiency and clean energy, and natural resources and waste diversion.

However, this plan does not include dollar amounts or specifications for the expenditure of funds, as required by Section 15.11. Although expenditures of cap-and-trade proceeds for FY 2013-14 will be proposed in the May Revision, the Administration has yet to identify \$200 million in expenditures proposed by the Governor for General Fund programs in 2012-13.

Given this late date in the current fiscal year and the need for key Legislative direction for these expenditures, we would like to work with you in requiring immediate full compliance with AB 1532 and Section 15.11 of the 2012-13 Budget Act before the May Revision. This will allow for full public transparency and oversight to this new, crucial program.

Sincerely,

A handwritten signature in black ink, appearing to be 'Dan Logue', written over the word 'Sincerely,'.

Cc: Members of the Assembly Budget Subcommittee No. 3 – Resources and Transportation:
The Honorable Richard Bloom, Chair
The Honorable Nora Campos
The Honorable Richard S. Gordon
The Honorable Dan Logue
The Honorable Jim Patterson
The Honorable Bob Blumenfield – Democrat Alternate
The Honorable Jeff Gorell – Republican Alternate