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Senator Catherine Blakespear
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Senator Jerry McNerney



Thursday, March 20, 2025
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1021 O Street - Room 2200

Consultant: Joanne Roy

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PUBLIC COMMENT ONLY

0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)

Issue 1: California Environmental Reporting System Project (Governor's Budget (GB))

Governor's Proposal. The Governor's budget requests \$6.6 million in spending authority from the Unified Program Account in 2025-26 to implement a technology refresh project on the California Environmental Reporting System (CERS) known as CERS NextGen. CERS Nextgen is an ongoing information technology project. This request includes continued funding for five permanent positions approved in the 2022 Budget Act. The project is intended to update the technical platform, improve data quality and the processes supporting data quality, and modernize a critical public-facing system that enables more than 160,000 businesses and 104 local regulators to meet their legal reporting obligations.

Background. CalEPA oversees the statewide implementation of the Unified Hazardous Waste and Hazardous Materials Regulatory Management Program (Unified Program), which has the purpose of protecting Californians from hazardous waste and hazardous materials by ensuring local regulatory agencies consistently apply statewide standards when they issue permits, conduct inspections, and engage in enforcement activities. The Unified Program is a consolidation of multiple environmental and emergency programs. The Unified Program applies regulatory standards to over 160,000 business facilities in California. CERS is a web-based application critical to the Unified Program. CalEPA built CERS in 2011 in response to legislation, AB 2286 (Feuer), Chapter 571, Statutes of 2008; and is required to collect and report regulatory data from local government regulators known as Unified Program Agencies (UPAs).

Businesses regulated by UPAs under the Unified Program use CERS to submit data. In addition, some businesses use CERS data to qualify for grant funding and maintain insurance. In 2020, the CERS application received over 500,000 regulatory submissions. The CERS application has interfaces with over 60 government systems. CUPAs use CERS heavily in their compliance, monitoring, and enforcement activities for environmental programs. Annually, CUPA data systems complete over 1 million electronic data transfers with CERS.

Staff Recommendation. Hold open.

Issue 2: ServiceNow Governance and Stabilization (GB)

Governor's Proposal. The Governor's budget requests \$662,000 in 2025-26 and ongoing from various special fund sources, and three permanent full-time positions to stabilize the Agency-wide implementation of ServiceNow and to oversee continuous governance and maintenance of the system. These positions are intended to ensure that the system maintenance and updates are applied in a timely fashion, security features are properly applied, system enhancements and modifications adhere to CalEPA's standards, and that system changes are coordinated and communicated Agency-wide to ensure business essential functions are not impacted. CalEPA is asking for the following three positions to address these issues:

- *One Information Technology Specialist (ITS) III position.* The specialist is intended to act as the

Product Owner for CalEPA's SNOW. The product owner will be responsible for creating the overall roadmap to guide and prioritize enhancements efforts on SNOW. This is intended to ensure that BDO strategic objectives are met, and efforts are coordinated to minimize duplicate efforts and reduce miscommunication. The Product Owner will also be responsible for developing and ensuring the governance process for SNOW is followed so decision-making processes are completed in a timely fashion and all stakeholders are provided with an opportunity to provide input.

- *One ITS III position to act as the Platform Architect.* The architect will be responsible for creating the technical standards for SNOW and ensuring sustainability of proposed system design (by reducing complexity, increasing efficiency, and improving maintainability). The architect will provide technical review and act as the technical consultant to the BDO SNOW developers.
- *One ITS II position to act as the SNOW System Administrator & Developer.* The System Administrator will coordinate maintenance activities across all CalEPA SNOW environments to maintain the stability and usability of the platform. This includes support for incident management, participating in the change management process, coordinating deployments, system backups and participating in annual security testing. For these positions to be effective, they need to be centralized under OOS. The work can't be absorbed by current OOS resources. CalEPA's BDOs are supportive of centralizing these positions and have agreed to fund these positions to allow them to continue to be responsive to their customer's needs.

CalEPA lacks trained resources for the complex management of a shared environment, architectural design, and development work. The lack of dedicated resources to manage CalEPA's SNOW environment has led to issues, including: deficient product management and governance; unclear architectural standards, operations & maintenance rules, and procedures; and, reliance on contracted services.

Staff Recommendation. Hold open.

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)
3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)

Issue 3: CalEPA Bond and Technical Adjustments (GB)

Governor’s Proposal. The Governor’s budget includes additional requests for various bond appropriations, reappropriations, and reversions; technical adjustments; reappropriations; and baseline adjustments to continue implementation of previously authorized programs.

Staff Recommendation. Hold open.

3900 CALIFORNIA AIR RESOURCES BOARD (CARB)
3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)
3940 STATE WATER RESOURCES CONTROL BOARD (SWRCB)
3970 CALIFORNIA RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)
3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

Issue 4: CalEPA Chaptered Legislation Proposals (GB)

Governor’s Proposal. The Governor’s budget includes various requests for resources from the General Fund and special funds to implement statutory requirements associated with legislation chaptered in 2024. The resources requested by the departments to implement the bills included in this proposal were cited during the 2024 legislative process, including in the Senate and Assembly Appropriations Committees prior to their enrollment. The Department of Finance has evaluated these requests and concurs with the level of resources requested to implement new statutory requirements.

The following figure provides a breakdown of enacted bills and proposed funding and positions. *Please note that the request for SB 1280 (Laird) implementation is listed as Discussion Issue #11.*

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BU	Department	Issue Title, Chapter (Bill)	Fund Source(s)	2025-26	2026-27	2027-28	2028-29	2029-2030	Total Ongoing Positions
3900	State Air Resources Board	Analysis of Industrial Sources of Emissions - Chapter 595 (SB 941)	3237 Cost of Implementation Account	\$120	\$0	\$0	\$0	\$0	0.0
3930	Department of Pesticide Regulation	Pesticides - Anticoagulant Rodenticides - Chapter 571 (AB 2552)	0106 Department of Pesticide Regulation Fund	\$258	\$193	\$193	\$193	\$193	1.0
3930	Department of Pesticide Regulation	Pesticide Use Near Schoolsites - Chapter 552 (AB 1864)	0001 General Fund 0106 Department of Pesticide Regulation Fund	\$690	\$200	\$200	\$200	\$200	1.0
3940	State Water Resources Control Board	Technical, Managerial, and Financial Standards - Chapter 507 (SB 1188)	0306 Safe Drinking Water Account 3324 Safe and Affordable Drinking Water Fund	\$925	\$675	\$675	\$900	\$900	4.0
3940	State Water Resources Control Board	Drinking Water Outreach for Domestic Well Owners and Tenants - Chapter 506 (AB 2454)	0001 General Fund	\$225	\$225	\$225	\$225	\$225	1.0
3970	Department of Resources Recycling and Recovery	Solid Waste Reduction and Recycling - Chapter 421 (AB 2902)	3228 Greenhouse Gas Reduction Fund	\$345	\$345	\$345	\$345	\$345	2.0
3970	Department of Resources Recycling and Recovery	Organic Waste Reduction - Chapter 452 (SB 1046)	3228 Greenhouse Gas Reduction Fund	\$500	\$0	\$0	\$0	\$0	0.0
3970	Department of Resources Recycling and Recovery	Propane Cylinder Waste Management - Chapter 466 (SB 1280)	0387 Integrated Waste Management Account	\$474	\$174	\$174	\$174	\$174	1.0
3970	Department of Resources Recycling and Recovery	Organic Waste Reduction Regulations - Chapter 712 (AB 2346)	3228 Greenhouse Gas Reduction Fund	\$315	\$315	\$315	\$315	\$315	2.0
3970	Department of Resources Recycling and Recovery	Beverage Container Recycling - Chapter 983 (SB 551)	0133 Beverage Container Recycling Fund	\$141	\$141	\$141	\$141	\$141	1.0
3980	Office of Environmental Health Hazard Assessment	Studying the health effects of microplastics in drinking and bottled water - Chapter 881 (SB 1147)	0001 General Fund	\$453	\$253	\$253	\$253	\$253	1.0

Source: Department of Finance

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The following are summaries of the enacted legislation related to this budget change proposal:

CARB: SB 941 (Skinner), Chapter 595, Statutes of 2024: Scoping Plan: Analysis of industrial sources of emissions. This bill requires CARB, in the next update to its climate change scoping plan, to include a discussion about the availability of zero-emission alternatives to industrial sources of greenhouse gas emissions.

DPR: AB 2552 (Friedman), Chapter 571, Statutes of 2024: Pesticides – Anticoagulant Rodenticides. This bill expands the existing prohibition on the use of anticoagulant rodenticides to include the use of the first-generation anticoagulant rodenticides (FGARS) chlorophacinone and warfarin, and imposes civil penalties on the unlawful use of FGARS and second-generation anticoagulant rodenticides, as specified.

DPR: AB 1864 (Connolly and Addis), Chapter 552, Statutes of 2024: Pesticide use near school sites. This bill requires a notice of intent to be submitted before a person applies a restricted use pesticide within one-quarter of a mile of a school site using an application method that is restricted under DPR Pesticide Use Near Schools regulations.

SWRCB: SB 1188 (Laird), Chapter 507, Statutes of 2024: Drinking water: Technical, managerial, and financial (TMF) standards. This bill requires SWRCB to develop and adopt minimum TMF capacity standards for specified water systems and requires those water systems to comply with the TMF standards.

SWRCB: AB 2454 (Lee), Chapter 506, Statutes of 2024: Drinking water: Rental property: Domestic well testing: Outreach for domestic well owners and tenants. This bill requires an owner of a domestic well that serves a rental property located within the boundaries of a free water testing program, to participate in the program and perform specified actions, including providing test results to tenants, and, if the test results demonstrate a violation of any primary drinking water standard, ensuring tenants have access to an adequate supply of safe drinking water.

CalRecycle: AB 2902 (Wood), Chapter 506, Statutes of 2024: Solid waste reduction and recycling. This bill makes changes to the organic waste policy established under SB 1383 (Lara), Chapter 395, Statutes of 2016, including waiving rural jurisdictions from collection and procurement requirements until January 1, 2037, and exempting bear bins from the collection bin lid color requirements, and making them eligible for CalRecycle grants, among other changes.

CalRecycle: SB 1046 (Laird), Chapter 452, Statutes of 2024: Organic waste reduction. This bill requires CalRecycle to develop a Programmatic Environmental Impact Report for use in review of small- and medium-sized compost facilities under the California Environmental Quality Act.

CalRecycle: SB 1280 (Laird), Chapter 466, Statutes of 2024: Propane cylinder: Reusable or refillable: waste management. This bill prohibits the sale of propane cylinders that are not reusable or refillable on and after January 1, 2028. (*This issue is included as Discussion Issue #11)

CalRecycle: AB 2346 (Lee), Chapter 712, Statutes of 2024: Organic waste reduction regulations: Procurement of recovered organic waste products. This bill makes numerous changes to recovered organic procurement requirements established through SB 1383 (Lara), including authorizing local jurisdictions to invest in various activities related to organic materials in lieu of proctoring recovered organics, expanding the types of products eligible for procurement credit, and making various other

changes to the calculations used to establish procurement credits and targets.

CalRecycle: SB 551 (Portantino), Chapter 983, Statutes of 2024: Beverage Container Recycling. This bill allows beverage manufacturers to demonstrate compliance with the state’s recycled content requirements for beverage containers by submitting a consolidated report to CalRecycle, as specified.

OEHHA: SB 1147 (Portantino), Chapter 881, Statutes of 2024: Drinking Water: Studying the health effects of microplastics in drinking and bottled water. This bill requires OEHHA to study the health effects of microplastics in drinking water and bottled water, and authorizes SWRCB, after OEHHA’s study is complete, to request that OEHHA develop a public health goal for microplastics in drinking water.

Staff Recommendation. Hold open.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC) 4265 CALIFORNIA DEPARTMENT OF PUBLIC HEALTH (CDPH)

Issue 5: Biomonitoring California Funding Realignment (GB)

Governor’s Proposal. The Governor’s budget requests to shift \$425,000 General Fund from CDPH to DTSC in 2025-26 and ongoing. This fund shift is in lieu of continuing an Interagency Agreement (IAA) that supports laboratory services provided by DTSC per the legislative mandate of SB 1379 (Perata), Chapter 599, Statutes of 2006. The General Fund transfer to the Toxic Substances Control Account (TSCA) will fund two permanent positions in 2025-26 and ongoing to support DTSC’s statutory obligations for implementation of the California Biomonitoring program. This request has no net cost to the General Fund or any other fund.

This realignment is intended to allow all departments collaborating on biomonitoring to readily access funds at the start of each fiscal year; and eliminate the administrative need to create interagency agreements (IAAs) between CDPH and DTSC, further increasing efficiencies between departments.

AB 164 Ting, Chapter 84, Statutes of 2021, allocated an additional \$2 million General Fund to Biomonitoring California and nine positions. With these additional funds, CDPH established an interagency agreement (IAA) with DTSC for \$425,000 annually to provide laboratory testing services required by Biomonitoring California to assess chemical exposures in the state.

Regular renewal of the IAA and processing fund transfers has created administrative delays in DTSC’s implementation of Biomonitoring California deliverables, and prevents DTSC from hiring permanent positions for this work due to the funding renewal cycles of the IAA.

Approval of this technical budget request is intended to stabilize permanent funding for DTSC’s role in Biomonitoring California to measure many previously unknown and undetected chemicals in biological samples. Coupled with CalEPA’s CalEnviroScreen (a tool to identify pollution burden in disadvantaged communities), biomonitoring helps protect Californians and reduces their exposure to toxic chemicals.

Staff Recommendation. Hold open.

3970 CALIFORNIA RESOURCES RECYCLING AND RECOVERY (CALRECYCLE)

Issue 6: Reusable Grocery Bag Program (SB 270) Fund Shift (GB)

Governor's Proposal. The Governor's budget requests a fund shift of \$256,000 in 2025-26 and ongoing from the Integrated Waste Management Account (IWMA) to the Reusable Grocery Bag Fund (RGBF) to fund an existing Environmental Scientist and Accounting Office to implement SB 270 (Padilla), Chapter 850, Statutes of 2014. Additionally, CalRecycle requests authority to use RGBF funds collected in the amount of \$256,000 collected to date to cover its staffing costs with the SB 270 program requirements. This shift in funding and authority is meant to ensure that fees collected from reusable grocery bag producers are used as intended to fund the implementation of the Reusable Grocery Bag Program, thereby reducing the expenditures currently incurred by the IWMA. The fund shift and requested appropriation will be a net zero cost.

Background. SB 270 (Padilla), Chapter 850, Statutes of 2014, prohibits the distribution of single-use plastic carryout bags at most grocery stores, convenience stores, liquor stores, and pharmacies. Instead, stores may make recycled paper bags or reusable grocery bags available to customers and must charge no less than \$0.10 per bag. Reusable grocery bags must be certified by a third-party certification entity to be included on the List of Certified Reusable Grocery Bags and Producers. Additionally, SB 270 mandated CalRecycle to develop an administrative certification fee schedule that would generate sufficient revenue to cover its program implementation costs and to establish the RGBF to collect fees from reusable grocery bag producers. As of July 2019, reusable grocery bag producers must submit proof of certification documentation to CalRecycle and pay an administrative certification fee to the RGBF biennially to be included on the list.

Staff Recommendation. Hold open.

DISCUSSION

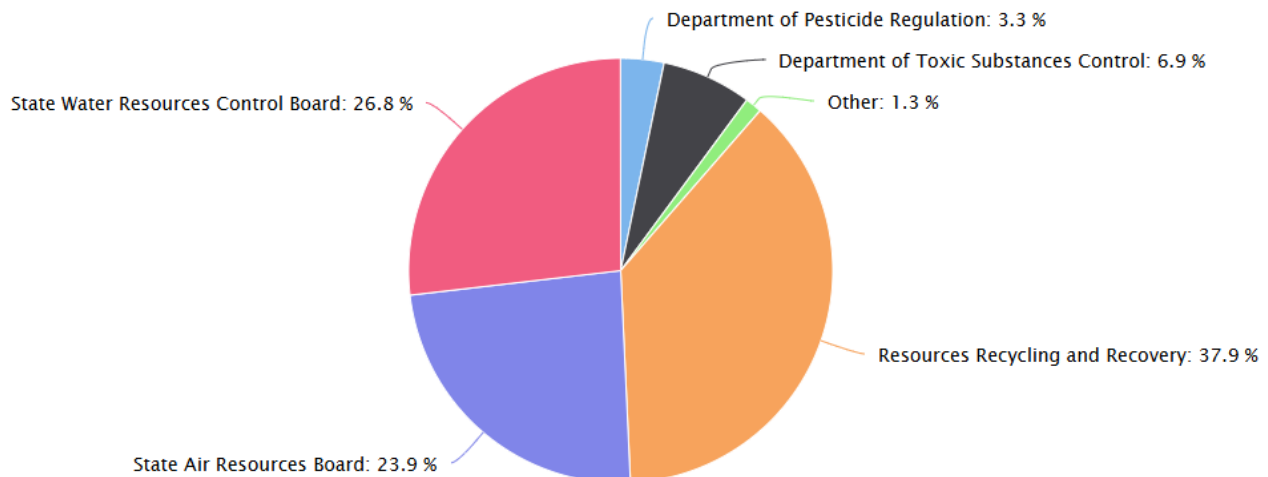
0555 CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY (CALEPA)

Issue 7: CalEPA Overview

CalEPA’s mission is to restore, protect, and enhance the environment, to ensure public health, environmental quality, and economic vitality. The agency fulfills its mission by developing, implementing, and enforcing environmental laws that regulate air, water and soil quality, pesticide use, and waste recycling and reduction. The Office of the Secretary heads CalEPA, oversees and coordinates the activities of the following:

- **California Air Resources Board (CARB).** CARB works to reduce air pollution and diesel exhaust to improve air quality and addresses climate change with integrated programs to reduce greenhouse gas emissions.
- **Department of Pesticide Control (DPR).** DPR protects people and the environment by fostering sustainable pest management and regulating pesticides.
- **Department of Resources Recycling and Recovery (CalRecycle).** CalRecycle helps the state reduce, recycle, and reuse waste.
- **Department of Toxic Substances Control (DTSC).** DTSC cleans up hazardous waste sites to put them back into productive use and reduce blight and contamination to the neighborhoods and surrounding environments.
- **Office of Environmental Health Hazard Assessment (OEHHA).** OEHHA serves as the scientific foundation for CalEPA’s environmental regulations and provides information to consumers, policy makers, and manufacturers on the safety of chemicals in the environment.
- **State Water Resources Control Board (SWRCB).** SWRCB ensures that the quality of drinking water and water ways is safe and balances its use to meet the needs of all users.

The pie chart below represents \$4.8 billion of expenditures within CalEPA. These amounts do not include federal funds, certain on-governmental cost funds, or reimbursements.



Source: Department of Finance

The following table reflects positions and expenditures for each department in CalEPA. State funds reflect total General Fund, special funds, and selected bond funds. Total funds include state funds, federal funds, other non-governmental cost funds, and reimbursements.

Code	Departments	Positions	Total State Funds*	Total All Funds*
0555	Environmental Protection, Secy	118.0	\$28,938	\$44,171
3900	State Air Resources Board	2,120.4	\$1,156,887	\$1,185,402
3930	Department of Pesticide Regulation	553.7	\$159,499	\$162,495
3940	State Water Resources Control Board	2,852.8	\$1,299,531	\$1,944,628
3960	Department of Toxic Substances Control	1,444.2	\$331,927	\$387,887
3970	Resources Recycling and Recovery	1,066.9	\$1,833,440	\$1,836,844
3980	Environmental Health Hazard Assessment	161.4	\$31,726	\$36,702
3996	General Obligation Bonds-Environmental	-	\$948	\$948
Totals, Positions and Expenditures		8,317.4	\$4,842,896	\$5,599,077

Source: Department of Finance. * Dollars in thousands.

The Secretary for Environmental Protection is the cabinet-level agency responsible for protecting the environment. The Secretary coordinates the state’s environmental regulatory programs and oversees the fair and consistent enforcement of environmental law, which safeguards the state’s residents and promotes the state’s economic vitality. The Secretary also centralizes coordination of California-Mexico border environmental efforts. Below is the Governor’s budget three-year plan for expenditures and positions for the Secretary of CalEPA.

3-YEAR EXPENDITURES AND POSITIONS †

	Positions			Expenditures		
	2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
0340 Support	90.3	110.0	118.0	\$44,616	\$51,514	\$44,171
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	90.3	110.0	118.0	\$44,616	\$51,514	\$44,171

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds.

Source: Department of Finance. *Dollars in thousands.

The Secretary administers environmental justice, environmental law enforcement, emergency preparedness and response, Certified Unified Program Agencies, and scientific review programs. The Secretary leads GHG reduction and climate change activities in state government and is responsible for coordinating the implementation of AB 32 (Núñez and Pavley), Chapter 488, Statutes of 2006.

Operations and Vacancy Reductions. The Budget Act of 2024 included two control sections — Control Section 4.05 and Control Section 4.12 —aimed at improving government efficiencies across state government. Control Section (CS) 4.05 authorizes the Department of Finance (DOF) to reduce state operations expenditures up to 7.95 percent in 2024-25 and ongoing, and requires DOF to notify the Joint Legislative Budget Committee how the reduction in state operation expenditures was achieved. CS 4.12 authorizes DOF to adjust items of appropriation to achieve savings associated with vacant positions in 2024-25 and propose the elimination of vacant positions to achieve ongoing savings beginning in 2025-26.

DOF provided a letter pursuant to CS 4.05 and 4.12 on January 10, 2025. This letter provided a summary of statewide reductions, including CalEPA and its boards, departments, and offices (BDOs). DOF has provided the following table showing the reductions at CalEPA and its BDOs (not including the California Air Resources Board):

Various CalEPA Department Reductions

Department/Entity	2025 Baseline Budget ²			(CS 4.05) ³			4.12) ⁴				Net Reductions			
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total	Positions	General Fund	Special Funds	Total	% Baseline
Environmental Protection, Secretary	\$3,767	\$17,422	\$21,189	-\$299	-\$1,321	-\$1,620	-\$374	-\$1,218	-\$1,592	-10.0	-\$673	-\$2,539	-\$3,212	-15.2%
Department of Pesticide Regulation	\$0	\$121,170	\$121,170	\$0	-\$3,000	-\$3,000	\$0	-\$3,295	-\$3,295	-19.0	\$0	-\$6,295	-\$6,295	-5.2%
State Water Resources Control Board	\$77,302	\$572,746	\$650,048	-\$6,019	-\$27,831	-\$33,850	-\$5,773	-\$12,492	-\$18,265	-100.0	-\$11,792	-\$40,323	-\$52,115	-8.0%
Department of Toxic Substances Control	\$30,452	\$251,697	\$282,149	-\$1,343	-\$17,264	-\$18,607	-\$809	-\$14,430	-\$15,239	-111.1	-\$2,152	-\$31,694	-\$33,846	-12.0%
Resources Recycling and Recovery	\$7,023	\$271,455	\$278,478	\$0	-\$15,001	-\$15,001	-\$770	-\$10,938	-\$11,708	-98.8	-\$770	-\$25,939	-\$26,709	-9.6%
Environmental Health Hazard Assessment	\$12,146	\$18,856	\$31,002	-\$866	-\$1,499	-\$2,365	-\$1,002	-\$1,196	-\$2,198	-13.0	-\$1,868	-\$2,695	-\$4,563	-14.7%

Source: Department of Finance

The Administration has provided very limited information regarding the operations and vacancy reductions and has said that it will provide more details in April 2025.

3930 DEPARTMENT OF PESTICIDE REGULATION (DPR)

Issue 8: DPR Overview

DPR protects public health and the environment by regulating pesticide sales and use and fostering reduced-risk pest management. DPR ensure compliance with pesticide laws and regulations through its oversight of County Agricultural Commissioners, who enforce pesticide laws and regulations at the local level. The following figure is the Governor’s proposed three-year plan for expenditures and positions:

3-YEAR EXPENDITURES AND POSITIONS †

	Positions			Expenditures		
	2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3540 Pesticide Programs	447.8	499.7	553.7	\$139,113	\$156,910	\$162,495
9900100 Administration	-	-	-	-	-	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	447.8	499.7	553.7	\$139,113	\$156,910	\$162,495

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds. Fiscal year 2023-24 budget display reflects the best available information for use in decision-making for this department and/or these fund(s). Additional review and reconciliation of 2023-24 ending fund balances will occur in the spring to evaluate if a budget adjustment is required.

Source: Department of Finance. *Dollars in thousands.

Programs. Pesticide Programs protect residents and the environment from adverse pesticide impacts with particular emphasis on the protection of children, vulnerable populations, and communities. Specific activities include:

- Evaluating whether to register pesticide products for sale or use in California.
- Assessing human health and environmental (air, water quality, and wildlife) risks from pesticides.
- Examining, licensing, and certifying individuals and businesses that recommend, perform, or supervise pest control.
- Collecting pesticide use data and evaluating use trends.
- Monitoring pesticide residues in fresh produce, air, and water as well as occupational settings.
- Protecting surface and groundwater from pesticide movement through evaluation, prevention, and mitigation.
- Protecting non-target wildlife from pesticide risks.
- Reevaluating and mitigating human health and environmental hazards from pesticides.
- Overseeing local enforcement of pesticide laws and regulations by County Agricultural Commissioners.
- Ensuring pesticide products sold in the marketplace are registered and meet state health, environmental, and safety standards; and sellers comply with mill assessment responsibilities.
- Promoting the development and adoption of reduced risk pest management practices through outreach, incentives, and grants.

DPR released its 2024-2028 Strategic Plan in December 2024. This plan outlines its mission, vision, and goals, including:

- Increasing access to safe, effective, sustainable pest management.

-
- Tracking, evaluating, and enforcing safe pesticide use.
 - Fostering engagement, collaboration, and transparency.
 - Promoting organizational excellence and innovation.

The plan was supported with funding in the 2024-25 budget. The plan builds on the department's work and progress in recent years including: mitigation actions that address human health and environmental impacts associated with chlorpyrifos, 1,3-dichloropropene (1,3-D), neonicotinoids, and rodenticides; oversight of the state's pesticide use enforcement program; release of the Sustainable Pest Management (SPM) Roadmap and the expansion of grant funding to accelerate the availability and adoption of integrated pest management solutions; the development of a statewide pesticide application notification system; the expansion of multilingual pesticide safety outreach and language access support; and expanded engagement with all interested parties.

DPR released the final SPM Roadmap in January 2023. The SPM Roadmap aims to transition the state to SPM by 2050, focusing on safer, sustainable pest control practices and replacing high-risk pesticides with alternatives.

Mill Assessment. The mill assessment program is a self-assessment system. Each quarter, DPR sends reporting forms to pesticide registrants, licensed pest control dealers, and licensed pesticide brokers for these entities to report their sales. Completed forms are due to DPR within 30 days of the end of the quarter.

AB 2113 (Garcia), Chapter 60, Statutes of 2024, increases the mill assessment on the sale of registered pesticides, over a four-year period, capping at 30 mills (\$0.03 per dollar sales), to pay for programs within DPR related to the regulation of pesticide sales and use. Currently, the mill assessment is 24.5 mills or 2.1 cents per dollar sales.

The mill assessment generates approximately 80 percent of revenue of the DPR Fund. The DPR Fund supports pesticide registration, worker health and safety, medical toxicology, information systems, pesticide product quality, license and test certification, enforcement, and pesticide management and analysis.

**3970 DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY
(CALRECYCLE)**

Issue 9: CalRecycle Overview

CalRecycle regulates the reduction, reuse, and recycling of resources to protect the state’s environment, climate, and public health. CalRecycle works towards these goals through implementing programs, providing funding, and partnering with stakeholders to recycle materials throughout the state. CalRecycle also collaborates with federal, state, and local agencies in delivering debris removal assistance and operations in the event of natural disasters, such as wildfires. The following figure is the Governor’s proposed three-year plan for expenditures and positions:

3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3700	Waste Reduction and Management	562.9	573.9	601.9	\$512,806	\$387,939	\$246,957
3705	Loan Repayments	-	-	-	-9,922	-11,158	-11,158
3710	Education and Environment Initiative	9.6	9.6	9.6	2,236	3,163	3,264
3715	Beverage Container Recycling and Litter Reduction	328.6	344.8	330.8	1,454,962	1,963,121	1,597,781
9900100	Administration	124.6	124.6	124.6	21,591	21,432	21,494
9900200	Administration - Distributed	-	-	-	-21,591	-21,432	-21,494
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		1,025.7	1,052.9	1,066.9	\$1,960,082	\$2,343,065	\$1,836,844

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds.

Source: Department of Finance. *Dollars in thousands.

Programs. Waste Reduction and Management. The objectives of the Waste Reduction and Management Program include:

- Overseeing that all nonhazardous solid waste is stored, collected, processed, and disposed in a safe and environmentally sound manner.
- Participating in the development and maintenance of local solid waste management plans that describe how each city and county will reduce solid waste disposal to achieve at minimum a 50 percent diversion of waste from landfills.
- Developing programs and policies to support the state goal that no less than 75 percent of solid waste generated be source reduced, recycled, or composted by the year 2020 and after.
- Reducing organic waste disposal 75 percent by 2025 to support the state’s climate goals and rescue at least 20 percent of currently disposed surplus food by 2025.
- Cleaning up solid waste disposal sites when the responsible party either cannot be identified or is unable or unwilling to pay for timely remediation, and where cleanup is needed to protect public health and safety, or the environment.
- Developing and promoting waste reduction strategies through reuse, upcycling, and source reduction.
- Promoting the use of recycled materials in California manufacturing.

- Reducing the amount of improperly disposed used oil and promoting used oil recycling.
- Reducing electronic waste by providing safe and convenient collection and recycling of specified electronic equipment.
- Responding to local recovery needs following natural disasters by coordinating debris removal operations in collaboration with federal, state, and local agency partners.

Education, Environmental Justice, and Tribal Relations. In cooperation with the State Department of Education and the State Board of Education, CalRecycle’s Office of Education, Environmental Justice, and Tribal Relations develops and implements a strategy for educating pupils, faculty, and administrators on the importance of integrating environmental concepts and principles for elementary and secondary schools.

Beverage Container Recycling and Litter Reduction. CalRecycle administers the Beverage Container Recycling and Litter Reduction program (also known as the Bottle Bill program) with a goal of achieving an 80 percent recycling rate for glass, aluminum, and plastic beverage containers in the state. To achieve this goals, the Division of Recycling oversees the following: (1) that the California Redemption Value (CRV) is paid beverage distributors for each beverage sold in California; (2) that consumers are refunded CRV for recycling beverage containers; (3) that recycling centers are conveniently located; (4) that grants are made to encourage recycling and development of markets for recycled materials; (5) that strong oversight and enforcement programs are in place to protect the integrity of the Beverage Container Recycling Fund; and (6) that public outreach and private partnerships are promoted.

Plastic Pollution Prevention and Packaging Producer Responsibility Act (SB 54 (Allen), Chapter 75, Statutes of 2022). SB 54 established the Plastic Pollution Prevention and Packaging Producer Responsibility Act, which covers certain single-use packaging and plastic single-use food service ware. The act requires producers, through a producer responsibility organization (PRO) to: (1) source reduce plastic covered material; (2) ensure covered material sold, offered for sale, distributed, or imported in or into the state after January 1, 2032, is recyclable or compostable; and, (3) ensure that plastic covered material offered for sale, distributed, or imported in or into the state meets specified recycling rates. Circular Action Alliance has been approved to serve as the PRO.

Among other things, SB 54 deadlines for 2025 include adoption of SB 54 regulations and CalRecycle’s first biennial progress report to the Legislature. The deadline for CalRecycle to submit the proposed SB 54 regulations to the Office of Administrative Law (OAL) for review and finalization was Friday, March 7, 2025.

As noted in the Los Angeles Times article entitled, “Newsom stymies implementation of landmark California plastic law, orders more talks,” (Suzanne Rush, March 7, 2025), on the last day to submit to OAL, the Governor’s Office stated that the Governor ““is redirecting CalRecycle to restart these regulations to ensure California’s bold recycling law can achieve its goal of cutting plastic pollution and is implemented fairly.”” CalRecycle and stakeholders (including regulators, lawmakers, environmentalists and industry groups) worked together and negotiated for two years to write the proposed regulations that were supposed to be submitted.

Issue 10: Responsible Textile Recovery Act of 2024 – Implementation of SB 707 (GB)

Governor’s Proposal. The Governor’s budget requests 27 permanent ongoing positions to be phased in over two fiscal years (18 positions in 2025-26 and nine positions in 2027-28) with a total ongoing cost of \$4.55 million to implement the Responsible Textile Recovery Act of 2024 (Textiles Act) (SB 707 (Newman), Chapter 864, Statutes of 2024). CalRecycle needs to hire a new team of staff and supervisors to meet its statutory obligations, complete rulemaking, and conduct tasks necessary to implement and enforce the Textiles Act. These positions will also support CalRecycle’s outreach to interested parties to enable public comment and participation in rulemaking workshops and regulation development.

In addition, CalRecycle requests budget bill language to authorize a loan (equally split between the Beverage Container Recycling Fund (BCRF) and Electronic Waste Recovery and Recycling Account (EWWRA) to cover implementation costs until CalRecycle gets reimbursed by the Producer Responsibility Organization (PRO).

Although the Textiles Act allows CalRecycle to approve only one initial PRO by March 1, 2026, the department may approve additional PROs after January 1, 2035, to develop and implement stewardship plans for textiles management. This proposal assumes that CalRecycle oversees one approved PRO with one stewardship plan. If additional PROs are approved after January 1, 2035, CalRecycle may need additional resources at that time.

The Textiles Act requires CalRecycle to promulgate regulations; perform research, review, and make determinations on which entities are a “producer,” and which products are “covered products” under the law; receive annual notifications from online marketplaces regarding third-party sellers with over one million dollars in sales of covered products; conduct outreach to potentially regulated entities; receive lists of brands of covered products from producers or the PRO; post lists of compliant producers; review and approve PRO applications; guide the development of needs assessments prepared by the PRO; review plans for compliance with statute and regulations; review annual reports to verify compliance; establish, review, and adjust performance standards; conduct audits of the PRO and individual producers; prepare technical and scientific analyses; conduct compliance inspections of regulated entities throughout the state and take appropriate enforcement actions; provide administrative support; and invoice the PRO for CalRecycle costs. The level and number of staff requested is based on CalRecycle’s experience in implementing other EPR programs such as carpet, architectural paint, mattresses, pharmaceutical drugs and home generated sharps waste stewardship.

Background. *The Textiles Act.* The Textiles Act is the first textile and apparel extended producer responsibility law in the country. The regulated community will include hundreds of producers that sell, offer for sale, or distribute apparel or textile articles in California. Given the complexity and variety of the covered products in the program, CalRecycle will need to develop an understanding of the industry to review PRO applications, determine which PRO can most effectively implement the law, and guide the development of the statewide needs assessment in consultation with the PRO. Oversight of the textile and apparel EPR program will be complex due to the quantity and diversity of producers and products that will require a significant level of review and analysis.

Textiles and Apparel. Textiles and apparel are a significant portion of California’s waste stream, are expensive and difficult to manage, and are a growing environmental issue. CalRecycle’s 2021 Waste Characterization Study estimates textiles comprised over three percent of the municipal solid waste stream in California in 2021, totaling about 1.2 million metric tons. Textile waste, such as clothing, was the eighth most prevalent material type disposed of by single-family residences costing Californians tens

of millions of dollars in disposal costs.

In the United States, 13 percent of textile waste is recycled, while the remaining 87 percent of discarded clothing and textiles are landfilled or incinerated. Most recycled textile material is “downcycled” into composite fiber materials, such as thermal insulation or carpet. Typically, recycled textile fiber cannot be turned back into clothing because most clothes are made of a blend of materials, such as cotton and polyester. When discarded clothing is shredded using mechanical recycling processes, short, low-quality fibers are produced, which are not suitable for use in new clothing.

Despite historically low textile recycling rates, 95 percent of discarded textiles are reusable or recyclable, meaning they are in a condition suitable for reuse or still have tags identifying the materials used. Tags are important for recycling since it is critical to know the textile material type to select the proper recycling processes for that material. Once textile waste is comingled in the municipal solid waste stream, it cannot be reused or recycled.

When garments are donated or sold for resale or reuse, only 10 to 15 percent are directly resold in the stores where they are deposited. Second-hand markets cannot handle all the waste. Of the remaining material, 30 percent is cut down to rags, 20 percent is converted into recycled fibers for use such as carpet padding, insulation, and pillow stuffing, 5 percent is landfilled in California, and 45 percent is sent overseas for further processing.

Extended Producer Responsibility (EPR). EPR programs place a shared responsibility for end-of-life product management on producers, and other entities involved in the product chain, instead of the public, while encouraging product design changes that minimize negative impacts on human health and the environment at every stage of the product’s lifecycle. EPR places primary responsibility on the producer or brand owner, who makes design and marketing decisions. EPR also creates a setting for markets to emerge that reflects the environmental impacts of a product, and to which producers and consumers respond.

The Textiles Act contains similar programmatic elements as other EPR programs CalRecycle currently oversees, such as requiring PROs to submit stewardship plans and budgets to CalRecycle that describe how they will comply with the statutory and regulatory requirements and report their progress through the submission of annual reports. The Textiles Act requires that producers cover the cost of the program, including CalRecycle’s costs for oversight and enforcement of the law.

Staff Recommendation. Hold open.

Issue 11: SB 1280 (Laird): Propane Cylinder: Reusable or Refillable: Waste Management

Governor’s Proposal. The Governor’s budget requests \$474,000 Integrated Waste Management Account in 2025-26 and \$174,000 in 2026-27 and ongoing; and one position ongoing.

SB 1280 (Laird), Chapter 466, Statutes of 2024: Propane cylinder: Reusable or refillable: waste management. This bill prohibits the sale of propane cylinders that are not reusable or refillable on and after January 1, 2028.

The budget request is consistent with the legislative fiscal analysis for SB 1280, which stated that the department will have costs, likely in the hundreds of thousands of dollars, to adopt regulations to implement this bill.

The legislative fiscal impact analysis further notes that SB 1280 creates significant cost pressure for CalRecycle to enforce the prohibition (special fund or General Fund), and for the Attorney General to engage in enforcement activities and respond to lawsuits challenging or seeking clarification of this bill (General Fund).

Background. Disposal propane cylinders are single-use, generally one-pound, cylinders typically used in camping stoves, portable heaters, lanterns, portable shower, portable grills, boat engines, scooters, lawn care equipment, insect foggers, and welding equipment. An estimated 40-60 million disposable one-pound propane cylinders are sold in the United States each year. As the state accounts for roughly 10 percent of the population, it is estimated that more than 4 million disposable one-pound propane cylinders are sold in the state annually.

Small, disposable propane tanks pose safety and economic negative impacts for materials recovery facilities, landfills, and parks, causing fires and explosions when tanks leak or are punctured. “Empty,” single-use cylinders often contain small amounts of gas, posing a danger to sanitation workers due to risk of explosion and fires. Because of the high hazard level, this waste stream is costly to manage and dispose of properly.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC)

Issue 12: DTSC Overview

The mission of DTSC is to protect people and the environments from harmful effects of toxic substances by restoring contaminated resources, enforcing hazardous waste laws, reducing hazardous waste generation, and encouraging the manufacture of chemically-safer products. The Governor’s budget includes a 3-year expenditures and positions plan for DTSC, as follows:

3-YEAR EXPENDITURES AND POSITIONS †

		Positions			Expenditures		
		2023-24	2024-25	2025-26	2023-24*	2024-25*	2025-26*
3620	Site Mitigation and Restoration Program	498.6	512.6	512.6	\$164,498	\$323,107	\$215,048
3625	Hazardous Waste Management	533.0	548.0	548.0	98,414	125,499	125,236
3626	Hazardous Waste Facilities	23.5	23.5	23.5	3,198	7,137	7,149
3630	Safer Consumer Products	113.8	113.8	115.8	20,668	29,523	30,029
3635	State Certified Unified Program Agency	10.8	10.8	10.8	2,252	2,427	2,431
3645	Exide Technologies Facility Contamination Cleanup	-	-	-	130,954	200,836	4,348
3650	Board of Environmental Safety	15.0	15.0	15.0	1,824	3,638	3,646
9900100	Administration	232.5	218.5	218.5	63,224	54,976	55,102
9900200	Administration - Distributed	-	-	-	-63,224	-54,976	-55,102
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		1,427.2	1,442.2	1,444.2	\$421,808	\$692,167	\$387,887

† Savings resulting from SEC. 4.05 and/or SEC. 4.12 of the 2024 Budget Act are currently being recorded as an unallocated statewide set-aside. As a result, this department’s budgetary displays may reflect overstated expenditures and may also potentially reflect negative fund balances in particular programs and funds.

Source: Department of Finance. *Dollars in thousands.

DTSC Programs. Site Mitigation and Restoration Program. The Site Mitigation and Restoration program implements the state’s laws regarding site cleanup and the federal Superfund program. The program currently oversees approximately 1,290 hazardous substance release site investigations and cleanups, and monitors long-term operations and maintenance activities at more than 249 sites where the cleanup process is complete. Additionally, the program is responsible for ensuring compliance with the terms of approximately 1,061 land-use restrictions in place of properties throughout the state.

New sites are identified through surveillance and enforcement efforts, emergency response activities, examination of other previously identified potential sites, and public and private entities that voluntarily request DTSC take action to return local properties to productive use. These sites and projects including cleaning up federal and state Superfund properties, abandoned mines, other abandoned and underutilized properties known as “brownfields,” and both active and closed military installations. The program is also responsible for the Stringfellow Hazardous Waste Site, a federal Superfund site and former hazardous waste disposal site.

The program works with the Governor’s Office of Emergency Services and other state agencies to assure response readiness for acts of terrorism involving the use of toxic chemicals. Additionally, the program mitigates off-highway hazardous waste spills and responds to hazardous waste contamination resulting from illegal drug laboratories.

Hazardous Waste Management. The Hazardous Waste Management program regulates the generation, storage, transportation, treatment, and disposal of hazardous waste to minimize risks to public health and the environment. The program oversees permitting and compliance at 100 authorized facilities that manage hazardous waste, approximately 800 registered businesses that transport hazardous waste, approximately 5,000 federally regulated generators, over 70,000 state-regulated generators, and approximately 300 facilities that are subject to corrective actions. Additionally, the program manages approximately \$2.5 billion in financial assurance resources and supports and oversees 81 local agencies implementing the hazardous waste program elements of the Unified Program.

The program monitors hazardous waste transfer, storage, treatment, and disposal facilities for illegal activity, including electronic manifest surveillance and monitoring registered hazardous waste transporters; enforcement of hazardous waste requirement violations found through routine inspections; complaint intake, triage, and infestations; and other focused enforcement initiatives. The program also enforces compliance with hazardous waste requirements related to electronic waste and used oil.

Hazardous Waste Facilities. The Hazardous Waste Facilities program oversees the hazardous waste permitted facilities that are permitting for storage, treatment, and disposal of hazardous waste to minimize risks to public health and the environment. The program oversees the maintenance activities and compliance at 100 authorized facilities that manage hazardous waste and approximately 300 facilities that are subject to corrective actions. Additionally, the program manages approximately \$2.5 billion in financial assurance resources.

The program monitors permitted hazardous waste storage, treatment and disposal facilities for illegal activity, including electronic manifest surveillance, enforcement of hazardous waste requirement violations found through routine inspections; complaint intake, triage, and investigations; and other focused enforcement initiatives.

Safer Consumer Products (SCP). The SCP program compels manufacturers to reduce human and environmental exposure to toxic chemicals that are used in consumer products. The SCP program calls for industry to develop safer consumer products by identifying safer alternatives that eliminate or reduce the use of hazardous chemicals which may harm people or the environment. The SCP also collects information on the presence of toxic chemicals in products in order to identify Priority Products for possible regulation; provides support and guidance to Priority Product manufacturers for the analysis of safer alternatives, and issues regulatory responses to proposed alternatives. The program encourages the adoption of “green chemistry” practices.

State As Certified Unified Program Agency (CUPA). CalEPA designated DTSC as the CUPA in Trinity and Imperial Counties. As the CUPA, DTSC is responsible for implementing the six elements of the Unified Program: hazardous waste generator and onsite treatment activities; spill-prevention control and countermeasure plans for owners of above ground petroleum storage tanks; the underground storage tank program; hazardous material release response plans and inventories; the California Accidental Release Prevention Program; and certain Uniform Fire Code requirements pertaining to hazardous material management plans and inventories.

Exide Technologies Facility Contamination Cleanup Program. This cleanup program oversees removal and remedial actions in the communities surrounding the former Exide Technologies facility in the City of Vernon, as well as closure and corrective action at the facility itself. Under the program, DTSC is responsible for testing the soil for lead contamination in properties, including residences, schools, daycare centers, and parks within a 1.7-mile radius of the facility. The program will clean up

contaminated soil at those properties with the highest levels of lead in soil and greatest potential for exposure.

Board of Environmental Safety. The Board of Environmental Safety is a five-member board that sets fees through regulations, hears hazardous waste permit appeals, and provides strategic guidance to the department. The board also has an Ombudsperson who serves as a resource to the public and the regulated community.

Administration. DTSC's Administration program provides accounting, budgeting, revenue collection, human resource and workforce management, regional administration and business services, contracts and procurement, and information management, and business services. The program also provides legal counsel, communication, environmental chemistry support, and environmental equity services.

Hazardous Waste Control Account (HWCA).

Legislative Analyst's Office (LAO) Background: HWCA Funds Support the Regulation of Hazardous Waste. According to the LAO, HWCA primarily supports activities that DTSC conducts related to regulating the generation, storage, transportation, and disposal of hazardous waste through permitting, compliance monitoring, and enforcement of noncompliance.

HWCA Restructured as Part of a Larger DTSC Reform Package. Budget trailer legislation adopted as part of the 2021-22 budget package (SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statutes of 2021), restructured and increased the charges that support DTSC's two major fund sources: HWCA and the Toxic Substances Control Account (TSCA). The resulting revenues were intended to (1) solve longstanding structural deficits in HWCA and TSCA, (2) support a new Board of Environmental Safety (BES), (3) support programmatic expansions that would better enable DTSC to protect people and the environment from toxic substances, and (4) build sufficient reserves in both accounts.

For HWCA specifically, SB 158 replaced several prior fees with a new generation and handling (G&H) fee and also increased existing facility fees. While the legislation was enacted as part of the 2021-22 budget package, the state did not begin to receive additional revenues until 2022-23 due to the timing of how charges for both accounts are collected.

Board of Environmental Safety. SB 158 also established the BES within the department. Besides hearing permit appeals for hazardous waste facilities and providing strategic guidance to the department, beginning in 2023-24 the five-member board is responsible for setting charge levels for HWCA and TSCA. Specifically, the board is responsible for setting charges annually to align revenues from both accounts with the amount of expenditures authorized by the Legislature through the annual budget act.

HWCA Revenues Primarily Come From Two Major Regulatory Fees. Funding for HWCA primarily comes from the G&H fee and facility fees:

- *G&H fee* is charged on a per-ton basis to all entities that generate five or more tons of hazardous waste in a calendar year;
- *Facility fees* are annual charges levied on permitted facilities that treat, store, or dispose of hazardous waste.

SB 158 set rates for both fees for 2022-23, but authorized BES to adjust rates each year starting in 2023-24.

The 2024-25 budget provided DTSC the authority to take regulatory actions related to the exemption review process and related penalties.

HWCA Update. According to DTSC:

Last year, the department went through an emergency rulemaking process for regulations that included specifying generator reporting and record keeping requirements, clarifying certain fee exemptions, establishing an exemption review process, and adopting a penalty framework for failure to comply with reporting requirements. These regulations should have some impact on the 2024-25 fee returns — for example, generators will be provided greater clarity on the application of exemptions. It is likely that the full impact on revenues will be achieved in outyears.

The California Department of Tax and Fee Administration (CDTFA) completed the required programming to implement the escalated penalty rates established in SB 156 (Committee on Budget and Fiscal Review), Chapter 72, Statutes of 2024. CDTFA issued a special notice to fee payers informing generators that escalating penalties will be assessed for any late-filed generation and handling fee return, payment, or prepayment. DTSC anticipates the new penalty rates will have a positive effect on compliance, though the magnitude of this impact is unknown.

HWCA's budget galley indicates that revenues are projected to grow from \$66.3 million in 2023-24 to \$84.5 million in 2024-25. The \$84.5 million revenues forecasted for 2024-25 are a combination of multiple fees, including Facility Fees, Activity Fee-for-Service, and the G&H fee, of which \$7.9 million is due to fee rate increases. The remaining \$59 million in revenue includes a \$9 million increase in revenues compared to prior years due to increased fee compliance such as clarified exemptions and fee payer outreach. Overall, DTSC is seeing a substantial increase in fee revenues collected to date compared to last year, roughly \$11 million more.

Issue 13: National Priorities List (NPL) and State Orphan Sites (GB)

Governor’s Proposal. The Governor’s budget requests a transfer of \$36.6 million from TSCA to the Site Remediation Account (SRA) and \$36.6 million expenditure authority from SRA in 2025-26 to fund the state's NPL obligations and state orphan sites with Priorities 1A, 1B, 2, and 3, and statewide service contracts. The following provides high-level definitions of each priority:

- **Priority 1A.** Immediate and acute conditions requiring a “time critical” response.
- **Priority 1B.** Ongoing operations and maintenance (O&M) of a state or federally funded site remediation treatment system necessary to prevent exposure to human or environmental receptors. Priority 1B includes state-match NPL.
- **Priority 2.** Actual human exposure or natural resource impacts under current conditions.
- **Priority 3.** Potential exposure under current conditions; and could allow the contamination to spread, impacting additional people and resources and increasing future costs.

DTSC assigns the highest priority to those sites with federally mandated costs, those that have immediate acute health threats, and those that have existing systems that require ongoing contracted costs to operate and maintain the remedy.

Background. NPL Sites. In 1980, the federal government created the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly referred to as the "Superfund" law, to address cleanup needs at the nation's most heavily contaminated toxic waste sites. CERCLA provides broad response authority for the United States Environmental Protection Agency (USEPA) to protect people and the environment from the risks posed by releases of hazardous substances, pollutants, and contaminants. Under CERCLA, the Superfund program identifies, investigates, and cleans up America’s most contaminated hazardous waste sites, known as National Priorities List (NPL) sites.

NPL sites are highly contaminated and pose substantial threats to public health and the environment. They are often in densely populated urban areas with a legacy of earlier industrial use. The remediation of these sites are intended to return blighted land to beneficial and productive use.

There are 1,340 sites nationwide on the NPL, of which 96 active sites are located in California. The USEPA adds approximately one site in California each year to the NPL. Currently, responsible parties fund cleanup costs for 74 of the active California NPL sites. DTSC oversees the cleanup of one site located on tribal lands but has no financial obligations to fund the cleanup costs or O&M expenses.

The remaining 22 active listed sites are considered fund-lead NPL sites, which means the USEPA has determined that there are no viable responsible parties to fund the cleanup, and, therefore, the USEPA is partially funding the cleanup with federal Superfund funding. The listing of an NPL site that uses federal funds to pay for the cleanup is a regulatory action that obligates the state to pay 10 percent of the cost of constructing the cleanup remedy, and 100 percent of the cost of O&M the remedy after it is built.

Once a site remedy becomes operational and functional, the USEPA and the state enter into a Site Transfer Agreement to affect an orderly transfer of O&M activities and funding responsibilities. “Operational and functional” is either one year after remedy construction is complete, or when it is determined, concurrently by the USEPA and the state, to be functioning properly and is performing as designed, whichever occurs first. Remedies considered “restoration” are designed to return surface water or groundwater to beneficial uses and are operated by the USEPA for 10 years prior to transitioning to state O&M.

Each year, the USEPA provides DTSC with its best estimate of the state's upcoming funding obligations for NPL sites. The listing of new sites, coupled with the transition of older sites from construction to O&M, increases the state's funding obligations.

In November 2021, the federal Bipartisan Infrastructure Law (BIL) was passed, which, among other things, allocated a one-time \$5.4 billion for cleaning up longstanding pollution at Superfund and brownfields sites. The funding included:

- \$3.5 billion for Superfund site clean-up work; and,
- \$1.5 billion to scale-up community-led brownfields revitalization.

Additionally, the BIL reinstated the Superfund chemical excise taxes with a focus on chemicals and hazardous imported substances and will have higher rates for a newly expanded group of taxable substances. It is expected to generate \$14.5 billion over 10 years or \$1.5 billion annually to fund work under CERCLA.

The one-time \$3.5 billion BIL funding can only be used for "shovel ready" projects and currently three of the 22 fund-lead sites in California have been prioritized by USEPA Region 9 to receive BIL funds. The accelerated progress on NPL sites will result in: (1) cost savings for remediation for the state, and (2) the state's receipt of additional sites in long-term O&M sooner than originally anticipated.

State Orphan Sites. In 1981, California enacted the Carpenter-Presley-Tanner Hazardous Substances Act (State Superfund Act), which, among other things, established a program to provide response authority for releases of hazardous substances, including spills and hazardous substances illegally disposed that pose a threat to public health or the environment at nonfederal sites. The State Superfund Act requires any response action taken or approved to meet certain requirements regarding specified state and federal regulations and to include the preparation of a health or ecological risk assessment. A risk assessment must include data evaluation, exposure assessment, toxicity assessment, risk characterization and any health risk assessment. The State Superfund Act also requires the exposure assessment of any risk assessment prepared in conjunction with a response action to meet specified requirements, including the development of reasonable maximum estimates of exposure for both current land use conditions and reasonably foreseeable future land use conditions at the site.

State orphan site cleanup includes the investigation and cleanup of properties where no responsible party has been identified who has the means to pay for the needed response actions. There are estimated to be between 150,000 to over 200,000 contaminated sites in California. Of these, DTSC has identified approximately 9,800 contaminated sites statewide that may impact or threaten groundwater designated for crops or drinking water. These sites may also expose adults and children to toxic metals or vapors where they live, work, study, and play. DTSC uses Site Remediation Account (SRA) funds to investigate these releases and issue enforcement orders where responsible parties can be identified. Sites without viable responsible parties depend on the state to bear the cleanup costs.

Site Remediation Account (SRA). SRA funds are to be used for direct remediation of sites contaminated or suspected of contamination by hazardous materials. Allowed expenditures include payments to contractors for investigations, characterizations, removal, remediation, or long-term operation and maintenance of sites contaminated or suspected of contamination by hazardous materials. Funds may also be used to provide interim supplies of bottled water and the construction, operation, and maintenance of protective systems, such as indoor air treatment systems, systems to treat contaminated groundwater used for drinking water, removal of soil contamination by excavation or by soil vapor

extraction systems, alternative drinking water supplies such as providing activated carbon on supply wells, consolidating and capping wastes, and imposing land use controls. The SRA can only be used for contracted costs and cannot be used for DTSC staff costs.

The major revenue source of SRA is transfers of funds from TSCA. Money in SRA is only available upon appropriation by the Legislature.

Funding History. Prior to 2016, funding for the SRA was based on a formula which adjusted the 1998 baseline annually by the Consumer Price Index (CPI), providing approximately \$10 million annually. This formula could not keep pace with project needs and projected costs.

In 2016, AB 2891 (Committee on Environmental Safety and Toxic Materials), Chapter 704, Statutes of 2016, amended Health and Safety Code Section 25173.7 to state the intent of the Legislature to annually appropriate sufficient SRA funds to pay for the estimated costs for direct site remediation at both federal Superfund sites and state orphan sites. AB 2891 also established a base of not less than \$10.8 million, with annual CPI adjustments to the SRA for direct site remediation costs. For 2025-26, the estimated SRA base amount is \$14.9 million based on the 2024 CPI adjusted base. Since the passage of AB 2891, DTSC annually requests funding for estimated direct site remediation costs for investigation and cleanup work on NPL and state orphan sites at sites where the contamination is already known to be above safe standards.

In 2021, SB 158 (Committee on Budget and Fiscal Review), Chapter 73, Statute of 2021, included DTSC governance and fee reform and provided a one-time \$500 million General Fund appropriation to fund a site discovery and enforcement program and pay for needed investigations over a six-year period. To expedite cleanup activities at orphan sites, DTSC committed to use \$40 million of the funds appropriated in SB 158 at selected orphan sites that were previously funded by SRA. The sites were selected for SB 158 funding based on location (i.e., in vulnerable communities) and proximity to potential receptors, with the intent to accelerate cleanup on sites with known contamination that otherwise would not be cleaned up due to limited orphan funding. As a result of this appropriation, there was a decrease in estimated SRA costs at these selected state orphan sites due to funding shift from the SRA to SB 158. The SB 158 funds do not fund remedy O&M at orphan sites selected for accelerated cleanup.

In 2024, the Budget Act included a transfer of \$20.5 million from TSCA to SRA; and \$20.5 million expenditure authority from SRA in 2024-25 to fund the state's NPL obligations and state orphan sites.

Also in 2024, because there was a shift of some Cleanup in Vulnerable Communities Initiative (CVCI) costs to the Greenhouse Gas Reduction Fund, additional SRA funding will be needed to support orphan site projects. In addition, the SB 158-funded discovery and enforcement program is expected to discover new contaminated sites, some of which may become orphan sites. These orphan sites will be referred to SRA funding for additional site investigation and cleanup. As a result, the total estimated SRA costs for orphan sites likely will increase to address these newly identified sites.

Staff Recommendation. Hold open.