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Upon Adjournment of Session
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Vote-Only Calendar
PART B

Consultant: Eunice Roh

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Vote-Only Calendar

0509 GOVERNOR’S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ)

Issue 1: Energy and Modernization Affordability (SB 254)

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
1.	January Governor’s Budget and May Revision	Energy and Modernization Affordability. The Governor’s budget includes \$322.5 million from Proposition 4 bond funds to support the California Transmission Accelerator Revolving Fund (CTARF) and implement SB 254 (Becker, Chapter 119, Statutes of 2025). The May Revision makes several changes to the Governor’s Budget proposal to implement SB 254 at GO-Biz and the California Infrastructure and Economic Development Bank (IBank). Specifically, the May Revision adjusts the administrative funding needs from \$7.8 million in 2026-27 and \$4.5 million annually through 2030-31 to \$10.3 million in 2026-27, \$4.1 million in 2027-28, \$4.2 million in 2028-29, \$3.5 million in 2029-2030, and \$3.5 million in 2030-31 and ongoing. In addition, the May Revision includes ten permanent positions, instead of ten limited-term positions included in Governor’s Budget.	Defer with details to be worked out in three-party agreement.

3355 OFFICE OF ENERGY INFRASTRUCTURE SAFETY

Issue 2-5: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
2.	January Governor's Budget	Administrative Support. The Governor's budget includes \$148,000 (\$118,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) and \$30,000 from the Safe Energy Infrastructure and Excavation Fund (SEIEF)) in 2026-27 and ongoing for one position to coordinate internal accounting functions with the contracted fiscal services provider, process travel expense claims and invoices, review month-end reconciliations, monthly travel reconciliations, and validate financial records.	Approve as budgeted.
3.	January Governor's Budget	Energy Modernization and Affordability (SB 254). The Governor's budget includes \$1.4 million from the Safe Energy Infrastructure and Excavation Fund (SEIEF) ongoing to implement new Underground Safety Board-related ongoing requirements with the passage of SB 254 (Becker, Chapter 119, Statutes of 2025). More specifically, the legislation requires OEIS to develop new structured information exchange and regulatory oversight over infrastructure project coordination, ensuring excavators can access underground infrastructure data early in the design process to reduce utility strike risks and lower project costs. To implement these requirements, OEIS requests seven positions and funding for five leased vehicles, which are requested to provide five of the seven positions vehicles to investigate 811 incidents and lead/participate in policy development workshops and public meetings.	Approve as budgeted.
4.	May Revision	Information Technology Support Resources. The May Revision includes \$2.6 million (\$2.1 million from the Public Utilities Commission Utilities Reimbursement Account and \$500,000 from the Safe Energy Infrastructure and Excavation Fund) in 2026-27 and ongoing to address information technology (IT) baseline gap resources. This request for nine permanent positions and \$500,000 funding for IT contracts is essential to resolve critical workload capacity and mission support gaps that are currently being covered by limited-term positions, retired annuitants, and limited term funded contracted services that will expire in 2026-27 due to limited term funding.	Approve as budgeted.

5.	May Revision	<p>Vegetation Management Inspections. The May Revision includes four positions funded from existing-related contracting funding in 2026-27 and ongoing to increase the department’s utility vegetation management inspection rate of wildfire mitigation plans completed by the investor-owned utilities. This request will transition \$711,000 of existing contracting funding to personnel services funding for the requested four positions.</p>	Approve as budgeted.
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3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

Issue 6-18: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
6.	January Governor’s Budget	Division of Petroleum Market Oversight: Petroleum Market Transition. The Governor’s budget includes \$173,000 ongoing from ERPA to convert one temporary position to a permanent one to support analysis of data sets utilized for the implementation of AB X2-1 (Hart, Chapter 1, Statutes of 2024) at the Division of Petroleum Market Oversight (DPMO). DPMO was created by SB X1-2 (Skinner, Chapter 1, Statutes of 2023) with the responsibility for providing independent market oversight, investigations, economic analysis, and policy recommendations in support of California’s clean transportation transition. This currently temporary position is responsible for cleaning, tabulating, synthesizing, and analyzing large data sets, which are either submitted to the CEC under the Petroleum Industry Information Reporting Act (PIIRA) or to DPMO as part of its law enforcement and market oversight work. According to CEC, as DPMO’s enforcement and market oversight work has developed since its inception, the amount and complexity of data sets has increased over time. As such, DPMO requests to convert one temporary Research Data Specialist II position to a permanent one to continue analyzing key data sets.	Approve as budgeted.
7.	January Governor’s Budget	Petroleum Market and Supply Research. The Governor’s budget includes \$1.7 million ongoing from ERPA for seven positions and contract resources to implement AB X2-1, which requires the CEC to assess how refiners’ fuel, feedstock, and blending component inventories affect transportation fuel prices and authorizes regulations mandating minimum inventory levels. More specifically, ABX2-1 requires CEC to develop regulations and impose requirements for refiners to maintain minimum inventories; adds an annual reporting requirement; and expands the scope of the Transportation Fuels Assessment. In the last couple of years, these activities have been supported using existing staff and contracts. However, this request is to address the longer-term resource needs to ensure the department can meet statutory timelines and reduce implementation delays.	Approve as budgeted.

8.	January Governor's Budget	<p>Renewable Portfolio Standard Facility Certification. The Governor's budget includes \$176,000 from the Energy Resources Program Account (ERPA) in 2026-27 and ongoing for one position to help implement the Renewable Portfolio Standard (RPS) program, which sets continuously escalating renewable energy procurement requirements for the state's load-serving entities. CEC is required by statute to certify resources for the RPS program. Electricity generated by a renewable facility cannot create renewable energy credits that count towards the RPS compliance requirements unless the facility is deemed eligible and certified by the CEC. As the RPS goals continue to increase, the annual certification applications submitted to the CEC has also increased. In addition, the types and complexity of applications have also increased concurrently. As such, the CEC requests one additional position to ensure there is sufficient staff resources to process these applications and prevent delays in certification of RPS facilities.</p>	Approve as budgeted.
9.	January Governor's Budget	<p>Energy Modernization and Affordability (SB 254). The Governor's budget includes \$2 million from ERPA annually for four years to support four positions and consultant support resources to implement SB 254 (Becker, Chapter 119, Statutes of 2025). Specifically, SB 254 requires the CEC to prepare program environmental impact reports (PEIRs) that analyze the "development of a class or classes of facility for which the Energy Commission has received an application under the [Opt-In Certification Program]" which is a streamlined permitting process for clean and renewable energy facilities. Currently, the CEC prepares project-specific California Environmental Quality Act (CEQA) analysis in their role in the Opt-In process. However, PEIRs are intended to streamline permitting processes for similar types of projects, and reduce duplicity of work, with the end goal of reducing ratepayer costs. Because PEIRs are an expansion of the current scope of work at CEC, the department requests four limited-term positions as well as a one-time consulting service contract to develop the PEIRs.</p>	Approve as budgeted.
10.	January Governor's Budget	<p>Oil Production: Safety, Reliability, and Affordability (SB 237). The Governor's budget includes \$660,000 one-time from the Energy Resources Program Account (ERPA) to implement SB 237 (Grayson, Chapter 118, Statutes of 2025), which created new requirements for the CEC to evaluate alternative fuel specifications for California, assess petroleum market on an ongoing basis, and report to the Governor's Office and Legislature. CEC requests funding for consulting support with specialized expertise to perform the required research, analysis, and draft the report required by SB 237.</p>	Approve as budgeted.

11.	January Governor's Budget	Passive House Standards (AB 368). The Governor's budget includes \$342,000 from ERPA for two years and two limited-term positions to implement AB 368 (Ward, Chapter 145, Statutes of 2025), which requires CEC to evaluate the cost-effectiveness of passive house energy efficiency standards across California's climate zones and to assess their technical feasibility for inclusion in the state's Building Energy Efficiency Standards. AB 468 requires CEC to report findings and recommendations by July 2, 2028. To address this additional workload, CEC requests two limited-term positions to support the evaluation at its Building Standards Branch.	Approve as budgeted.
12.	January Governor's Budget	Crude Oil Reportable Pipelines (SB 767). The Governor's budget includes \$205,000 ongoing for one permanent position and \$191,000 for two years for one limited-term position from ERPA to implement SB 767 (Richardson, Chapter 657, Statutes of 2025). As in-state oil production continues to decline, several crude oil pipelines are approaching minimum thresholds that if crossed could lead to shutdowns, refinery disruptions, and price spikes. SB 767 requires certain "reportable" petroleum pipeline operators to provide the CEC with monthly crude oil flow data beginning March 30, 2027, and directs the Commission to identify, by December 31, 2026, which pipelines are essential to refinery supply. The requested funding will manage data submissions, ensure confidentiality, and provide timely analysis.	Approve as budgeted.
13.	January Governor's Budget	Authorize Distributed Electricity Backup Assets (DEBA) Program Funding for the Demand Side Grid Support (DSGS) Program. This proposal would shift funding originally appropriated for DEBA in 2021 shall also be available to be used for the DSGS. Currently, approximately \$22 million General Fund remains for DEBA and \$30 million (primarily Greenhouse Gas Reduction Fund) remains for DSGS. The Administration proposes to consolidate these funds for the DSGS program for the summer of 2026.	Approve placeholder language.
14.	April Finance Letters	Natural Resources Agency Bond and Technical Proposals. April Finance letter includes the following adjustments: <ul style="list-style-type: none"> • Reappropriate Item 3360-001-0001, Budget Act of 2022, to correct a drafting error. • Extend the encumbrance period from June 30, 2026, to June 30, 2028, and the liquidation period from June 30, 2028, to June 30, 2032, for Item 3360-101-0890, Budget Act of 2016, and Item 3360-101-0890, Budget Act of 2018 to receive and process federal American Reinvestment and Recovery Act loan repayments. 	Approve as budgeted.

15.	May Revision	Accounting and Human Resources Support. The May Revision includes \$1.1 million from the Energy Resources Programs Account ongoing for seven positions and operating expenses for CEC's human resources and accounting needs. Specifically, the department requests six accounting positions, in response to recent audit findings and department growth. Both the California State Auditor and Department of Finance found CEC's accounting office had insufficient staff, resulting in inaccurate and untimely financial reporting. In addition, the department requests one human resources position commiserate with recent department and staff growth in recent years.	Approve as budgeted.
16.	May Revision	Electric Program Investment Charge (EPIC) Program Administrative Support. The May Revision includes a net-zero shift of \$2 million from local assistance to state operations in the EPIC program to support the administration of the program. In 2011, the California Public Utilities Commission (CPUC) established the EPIC program, using investor-owned utilities' ratepayer funds, for clean energy research and development that provides ratepayer benefits. CEC is the administrator of the program. According to the department, the CEC conducted a workload analysis and found the program to be under-resourced, leading to incomplete critical tasks and excessive staff overtime. As such, the CPUC approved an increase of the administrative cap from 10 to 15 percent of the program budget. This budget request would allow CEC to use more of the existing appropriation for the EPIC program for administrative uses, up to that 15 percent, compared to the current level of 13.7 percent.	Approve as budgeted.
17.	May Revision	California Energy Commission Salary Range Trailer Bill. The May Revision includes a trailer bill proposal that would require the vice chair of the CEC to receive an annual salary that is at the midpoint between the annual salary of the other commission members and that of the chairperson.	Approve placeholder language.

<p>18.</p>	<p>May Revision</p>	<p>Natural Resources Agency Bond and Technical Proposals. The May Revision includes the following adjustments in the CEC budget.</p> <ul style="list-style-type: none"> • Extend the liquidation period for EPIC funds from the 2018 and 2019 Budget Acts until June 30, 2030, to reestablish a four-year liquidation period to close out research projects. • Reappropriate General Fund for the Distributed Electricity Backup Assets program from 2021 Budget Act to support staffing costs to adequately close out the projects. • Extend the encumbrance period until June 30, 2028 and the liquidation period until June 30, 2032 for various federal fund items from the 2016 and 2018 Budget Acts to allow CEC to receive and process federal American Reinvestment and Recovery Act loan repayments. • Reappropriate the balances of the following appropriations: <ul style="list-style-type: none"> • 2021 Budget Act General Fund appropriation for state administration and staffing costs for the Clean Energy Program and the Emergency Planning Program and local assistance project funding for the Distributed Energy Backup Assets program. • 2022 Budget Act General Fund appropriation for state administration and staffing costs for the Energy Modeling Support program. • 2023 Budget Act General Fund appropriation for state administration and staffing costs for the Building Energy Benchmarking and Federal Tax Credit Technical Assistance programs. • Various Budget Act local assistance appropriations for the EPIC program to reestablish a four-year liquidation period to close out research projects. • 2017 Budget Act Greenhouse Gas Reduction Fund (GGRF) appropriation for the Food Production Incentive Program (FPIP) to make new awards due to remaining unspent funds from previous projects that were completed under budget. 	<p>Approve as budgeted, except for GGRF items—for any item funded with GGRF, withhold action, conforming with actions taken on item 61.</p>
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3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
8660 PUBLIC UTILITIES COMMISSION

Issues 19: Emergency Load Flexibility Funding

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
19.	January Governor's Budget	Emergency Load Flexibility Funding. This proposal would revert the interest generated in the School Energy Efficiency Stimulus Program Fund to each electrical corporation proportional to their share of the state's electrical load to fund the Emergency Load Reduction Program, or an equivalent cost-effective emergency load reduction program, at the CPUC for use of the summers of 2027 and 2028. There is roughly \$70 million in interest funds currently in the School Energy Efficiency Stimulus Program Fund, which funded the California School Healthy Air, Plumbing and Efficiency Program (CalSHAPE).	Reject the Governor's proposal that shifts DSGS enrollees to ELRP and transfers CalSHAPE interest funds to ELRP. Adopt placeholder trailer bill language that would extend CalSHAPE and shift \$70 million in interest funds from CalSHAPE to DSGS.

0540 SECRETARY OF THE NATURAL RESOURCES AGENCY
0650 GOVERNOR’S OFFICE OF LAND USE AND CLIMATE INNOVATION
3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

Issue 20: California’s Sixth Climate Change Assessment

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
20.	January Governor’s Budget	California’s Sixth Climate Change Assessment. The Governor’s budget includes \$9.9 million Greenhouse Gas Reduction Fund (GGRF) over five years to develop California’s Sixth Climate Change Assessment (CCCA6), required by SB 1320 (Stern, Chapter 136, Statutes of 2020). SB 1320 requires the Governor’s Office of Land Use and Climate Innovation (LCI), the Strategic Growth Council (SGC) within LCI, the California Natural Resources Agency (CNRA), and the California Energy Commission (CEC) to jointly deliver a California Climate Change Assessment (Assessment or CCCA throughout) every five years.	Withhold action, conforming with actions taken on item 61.

3900 STATE AIR RESOURCES BOARD

Issue 21-36: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
21.	January Governor's Budget	Consolidated Administrative Operations. The Governor's budget includes \$995,000 ongoing from various special funds and six positions to support baseline operations of Personnel Transactions Section, the Workplace Investigations Unit, and the Vulnerability Management Program.	Approve as budgeted.
22.	January Governor's Budget	Remaining Settlement Funds from the Hino Motors, Ltd. Consent Decree. The Governor's budget includes \$72.4 million in 2026-27 and \$11.6 million in 2027-28 and 2028-29 for one-time implementation costs related to certification, testing, enforcement, and other air pollution efforts and for reimbursement of costs CARB spent to enforce the underlying violations of the Hino Motors, Ltd. court-ordered Consent Decree (Hino settlement).	Approve as budgeted.
23.	January Governor's Budget	Western Climate Initiative Contracting. The Governor's budget includes a trailer bill language proposal to clarify that a contract with the Western Climate Initiative (WCI), Inc. is considered a membership contract, and not an information technology services contract.	Approve placeholder language.
24.	January Governor's Budget	Advanced Clean Fleets Implementation. The Governor's budget includes \$1.7 million from the APCF to implement the state and local government requirements of the Advanced Clean Fleets (ACF) regulation. CARB requests ten positions to implement the ACF regulation for SLG fleets—specifically, for reporting and compliance assistance, outreach, and processing exemption/extension applications.	Approve as budgeted.

25.	January Governor's Budget	<p>Zero-Emission Vehicle Incentives Proposal. The Governor's Budget includes \$200 million on a one-time basis (\$115 million from GGRF and \$85 million from APCF), along with associated budget trailer legislation to create a new incentive program for light-duty ZEVs. The new program would provide point-of-sale incentives for new and used vehicles, and the incentives would be administered by vehicle manufacturers. According to the administration, the incentives would be provided on a first-come, first-serve basis and would not be restricted based on household income. The program is proposed to include various limitations, however. For example, to participate in the program, manufacturers would be required to match the incentive amount that is provided by the state. Additionally, the incentives would only apply to first-time purchasers of ZEVs and to vehicles that do not exceed certain manufacturer's suggested retail prices, such as \$55,000 for new sedans and \$80,000 for new sport utility vehicles and light-duty trucks. Under the proposal, other program details—such as incentive amounts, the number of incentives to be provided, and the duration of the incentive program—would be determined by CARB through an expedited rulemaking process that would not be subject to the requirements of the Administrative Procedures Act.</p>	Withhold action, conforming with actions taken on item 61.
26.	January Governor's Budget	<p>Bi-directional Electric Vehicle Charging Proposal and Trailer Bill Language. The Governor's budget includes \$1.1 million from the Air Pollution Control Fund (APCF) in 2026-27 and 2027-28 to implement SB 59 (Skinner, Chapter 765, Statutes of 2024). In addition, the budget includes trailer bill language that shifts the authority to implement the legislation from the California Energy Commission (CEC) to the California Air Resources Board (CARB).</p>	Reject both the budget change proposal and trailer bill language proposal.
27.	January Governor's Budget	<p>AB 617 Community Air Monitoring Updates (SB 352). The Governor's budget includes \$1.6 million Greenhouse Gas Reduction Fund (GGRF) in 2026-27 and ongoing for 5.2 permanent positions and equipment and contract costs to implement SB 352 (Reyes, Chapter 118, Statutes of 2025).</p>	Withhold action, conforming with actions taken on item 61.

28.	January Governor's Budget	Cap-and-Invest Implementation (AB 1207 and SB 840). The Governor's budget includes \$3.6 million and ten permanent positions in 2026-27 and ongoing, including \$2,771,000 Cost of Implementation Account (COIA) and \$871,000 Greenhouse Gas Reduction Fund (GGRF), to implement the updated regulations and program requirements for the reauthorized Cap-and-Invest program.	Withhold action, conforming with actions taken on item 61.
29.	May Revision	General Fund Solution: Ongoing State Operations Fund Shift. The May Revision includes a fund shift of \$2.2 million in 2026-27 and \$2.3 million in 2027-28 and ongoing from the General Fund to the Air Quality Improvement Fund for the implementation of AB 794 (Carillo, Chapter 748, Statutes of 2021), which requires CARB to implement labor standards for short-haul and drayage trucking fleets participating in applicable incentive programs.	Approve as budgeted.
30.	May Revision	Litigation Costs. The May Revision includes \$5 million one-time in 2026-27 and 2027-28 from the Air Pollution Control Fund to support increased litigation workload and costs to respond to and defend the state's environmental laws and regulations from actions taken by the federal administration. Existing law requires CARB to be represented by the AGO in judicial and administrative proceedings unless the AGO expressly authorizes alternative representation. The AGO bills departments sufficient to recover its costs for providing those legal services; therefore, as CARB's litigation workload increases, its billable AGO costs increase correspondingly and can no longer be absorbed within existing resources. CARB now has more than fifty pending litigation matters (excluding consolidated cases).	Approve as budgeted.
31.	May Revision	Protecting Californians from Acrolein and Ethylene Oxide: Cancer-Causing Air Toxics. The May Revision includes \$2.2 million from the Air Pollution Control Fund one-time in 2026-27 to complete the study and analysis of cancer-causing air toxics to inform a statewide risk mitigation strategy. This funding would be used to develop better understanding of emission sources, exposure, and air quality for both EtO and acrolein so that CARB and local air districts can assess the most expedient ways to reduce risk from these pollutants. This funding would also support the development of up-to-date information about emissions, exposure and air quality from non-diesel air toxics, and support better risk communication.	Approve as budgeted.

32.	May Revision	Gravity-Based Energy Storage Well Pilot Program (SB 567). The May Revision includes \$477,000 in 2026-27 and \$477,000 in 2027-28 from the Oil, Gas, and Geothermal Administrative (OGGA) Fund to support implementation of SB 567 (Limón, Chapter 419, Statutes of 2025). Specifically, this request would support limited-term positions to work with the Department of Conservation’s Geologic Energy Management Division (CalGEM) to establish criteria for continuous leak monitoring and reporting; develop a process flow to review pilot program wells; and develop recommendations in the pilot program report required by January 2033.	Approve as budgeted.
33.	May Revision	In-Use Locomotive Regulation Implementation and Enforcement Fund Shift. The May Revision includes a shift of \$2.9 million from the Certification and Compliance Fund to the Air Pollution Control Fund for the implementation of the In-Use Locomotive Regulation in 2026-27 and ongoing. Since CARB was unable to acquire federal authorization from US EPA to enforce these regulations it cannot assess the associated regulatory fees. Due to this and other structural imbalance issues, the Certification and Compliance Fund can no longer support the unfunded aspects of this regulatory workload.	Approve as budgeted.
34.	May Revision	Southern California Headquarters Building Management Operations and Maintenance Contract Fund Shift. The May Revision includes a shift of \$4.3 million from the Certification and Compliance Fund to various other special funds, such as the Air Pollution Control Fund, Vehicle Inspection and Repair Fund, Cost of Implementation Account, and Truck Emission Check Fund, for the Southern California Headquarters Building Management Operations and Maintenance Contract in 2026-27 and ongoing. The Certification and Compliance Fund can no longer support its portion of the total contract cost (which is spread across multiple special funds) that was originally allocated in 2024-25 and ongoing.	Approve as budgeted.
35.	May Revision	Volkswagen Environmental Mitigation Trust. The May Revision includes a one-time increase of \$14.4 million in reimbursement authority from the Air Pollution Control Fund in 2026-27 to continue to provide oversight of programs and projects funded out of the Volkswagen Environmental Mitigation Trust through 2033-34. CARB also requests extended encumbrance availability for the reimbursement authority until June 30, 2034. The Volkswagen Consent Decree requires 100 percent of the original funds to be disbursed from the Trust by the end of 2027. To meet that requirement, the funds allocated for administrative expenditures must also be disbursed to CARB by that date. The Trust requires CARB to administer projects that deploy zero-emission heavy-duty vehicles and equipment to mitigate	Approve as budgeted.

		<p>excess nitrogen oxide (NOx) emissions because of Volkswagen’s illegal use of emission control devices. CARB is required to monitor projects for three-years after deployment. While the Trust requires all funds to be disbursed by 2027 and is estimated to dissolve in 2029, CARB anticipates project monitoring and reporting to continue through 2033-34. With sufficient funding advanced from the Trust to the APCF, CARB will be able to support additional workload with existing staff over the final years of program implementation.</p>	
<p>36.</p>	<p>April Finance Letters, May Revision</p>	<p>California Environmental Protection Agency Bond and Technical Adjustments. The May Revision includes the following adjustments in the CARB budget:</p> <ul style="list-style-type: none"> • Extend the liquidation dates to June 30, 2028 for the following appropriations: <ul style="list-style-type: none"> ○ Up to \$21,716,000 General Fund in the 2021 Budget Act for the Zero-Emission Drayage Truck and Infrastructure Pilot Project due to project partner withdrawals and bankruptcies. ○ Up to \$550,000 Motor Vehicle Account, State Transportation Fund in the 2019 Budget Act for Emission Testing and Test Method Development for Commercial Harbor Craft and Ocean-Going Vessels to ensure UC Riverside has sufficient time to complete their research study. ○ Up to \$104,000 Motor Vehicle Account, State Transportation Fund in the 2023 Budget Act for contracts related to the Commercial Harbor Craft regulation to allow for more time to receive feasibility applications. ○ Up to \$72,340,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project to allow more time to redistribute vouchers that were previously cancelled from a manufacturer bankruptcy. • Reappropriate the balances of the following appropriations to be available for encumbrance or expenditure until June 30, 2028: 	<p>Approve as budgeted, except for GGRF items—for any item funded with GGRF, withhold action, conforming with actions taken on item 61.</p>

		<ul style="list-style-type: none"> ○ Up to \$1,000,000 General Fund in the 2023 Budget Act for administrative costs related to the F-Gas Reduction Incentive Program (FRIP) so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period. ○ Up to \$9,907,000 General Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-101-0001 so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period. ○ Up to \$11,518,000 Air Pollution Control Fund in the 2021 Budget Act for administrative costs related to the Carl Moyer Air Quality Standards Attainment Program. ○ Up to \$4,950,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for administrative costs related to various programs in Item 3900-102-3228 so CARB can continue to utilize these dollars for related salaries and benefits through its liquidation period. ○ Up to \$19,448,000 Greenhouse Gas Reduction Fund in the 2021 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation. ○ Up to \$9,969,000 Greenhouse Gas Reduction Fund in the 2022 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation. ○ Up to \$15,714,000 Greenhouse Gas Reduction Fund in the 2024 Budget Act for the Advanced Technology Demonstration and Pilot Projects, due to a grantee withdrawal and so that CARB may move forward in awarding a new project selected from the most recent solicitation. <p>In addition, the April Finance letter includes the following adjustments:</p>	
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		<ul style="list-style-type: none"> • Increase Item 3900-001-0115 by \$894,000 ongoing. The Governor’s Budget proposes \$2,595,000 ongoing resources split proportionately between the various Boards, Departments, and Offices that comprise CalEPA for consolidated administration. This request modifies the request in the Governor’s Budget to correct a technical error. • Increase Item 3900-101-0115 by \$733,000 one-time to utilize returned and undisbursed Carl Moyer Program funds from the 2019, 2020, 2021, and 2022 Budget Acts. This one-time increase is necessary to disburse previously awarded incentive funds to support surplus emission reductions statewide. • Add provisional language to Item 3900-101-3228 and Item 3900-102-0115 to provide an extended encumbrance period until June 30, 2029, and to authorize up to 5 percent of funding appropriated for the Zero-Emission Vehicle Incentive Program to be used for state administrative costs. This request modifies the request in the Governor’s Budget. • Amend Item 3900-492 to extend the encumbrance period from June 30, 2022 to June 30, 2028 for up to \$10,795,000 from Item 3900-101-6054, Budget Act of 2018, and from June 30, 2026 to June 30, 2028 for up to \$8,746,000 from Item 3900-101-6054, Budget Act of 2019, both related to the Proposition 1B program. This extension is necessary for the Air Resources Board to meet project timelines and contractual obligations. 	
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3900 STATE AIR RESOURCES BOARD
7600 CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

Issue 37: Sustainable Aviation Fuel Tax Credit Proposal

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
37.	January Governor’s Budget	<p>Sustainable Aviation Fuel Tax Credit Proposal. The Governor’s budget includes trailer bill language that would provide a credit against diesel excise tax liability for producers selling sustainable aviation fuel (SAF). The administration estimates this credit could reduce diesel excise tax liability by as much as \$165 million per year initially, then ultimately growing to \$300 million per year. In our assessment, the proposed tax credit is not a cost-effective approach to reducing greenhouse gas emissions (GHGs) and may result in lower than anticipated environmental benefits. Moreover, the implementation of the tax credit could have negative implications for transportation funding—potentially even larger than those estimated by the administration—and would not be consistent with the spirit of voter-approved restrictions on the use of diesel tax revenues. In light of these concerns, we recommend the Legislature reject the Governor’s proposed tax credit.</p>	Reject without prejudice.

8660 PUBLIC UTILITIES COMMISSION

Issue 38-60: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
38.	January Governor’s Budget	Legal Services Contract Resources. The Governor’s budget includes \$3 million one-time from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) in 2026-27 for an active legal services contract to provide advice and representation on corporate and utility restructuring, finance, securitization, and bankruptcy matters.	Approve as budgeted.
39.	January Governor’s Budget	California Ratepayer Protection Act (AB 1167). The budget includes \$952,000 ongoing from PUCURA for four positions to implement AB 1167 (Berman, Chapter 634, Statutes of 2025). AB 1167 prohibits electric or gas utilities from recovering from ratepayers specified costs such as contributions towards political influencing activities, penalties or fines, and fees charged by experts who testify on behalf of utilities. AB 1167 may reduce costs to ratepayers by increasing transparency on advertisements paid for by electric or gas utilities. This bill expands CPUC authority to assess a civil penalty, based on the severity of the violation, against electric or gas utilities that violate the statute. CPUC requests four positions—two attorney positions to advise the Commissioners and industry staff on investigations and enforcement actions required by AB 1167 and to represent the Public Advocates Office and other enforcement divisions of CPUC; one Administrative Law Judge to manage and oversee the appeal of administrative enforcement orders as well as support the increased review of costs in rate setting proceedings; and one analyst position to review utility rate and cost recovery proceedings to ensure that the utility cost recovery requests do not include any of the 11 cost categories prohibited by AB 1167.	Approve as budgeted.
40.	January Governor’s Budget	Legal Division Advocacy Resources. The budget includes \$307,000 Distributed Administration authority ongoing from various special funds for one executive-level position to continue to deliver existing, critical advocacy services representing the Public Advocates Office, the Safety and Enforcement Division, and the Consumer Protection and Enforcement Division.	Reject without prejudice.

41.	January Governor's Budget	Water Utilities Enforcement and Compliance. The budget includes \$436,000 ongoing from PUCURA to convert two limited-term positions to permanent to continue ongoing enforcement and compliance efforts for Commission jurisdictional water utilities.	Approve as budgeted.
42.	January Governor's Budget	Energy Modernization and Affordability (SB 254). The budget includes \$1.9 million ongoing from PUCURA for eight positions to implement SB 254 (Becker, Chapter 119, Statutes of 2025). Approved resources would support Commission related activities related to oversight of transmission projects, assessment of rate base, rate of return, and capital structure; review of energization practices; audit of third-party assessments; review of advice letters; and conduct of Commission proceedings necessary to carry out SB 254.	Approve as budgeted.
43.	January Governor's Budget	Information Technology Enterprise Functions. The Governor's budget includes \$443,000 Distributed Administration authority from various special funds on an ongoing basis for two positions and licensing for modeling tools to improve the Information Technology Enterprise Functions.	Approve as budgeted.
44.	January Governor's Budget	Advice Letter Website Support. The budget includes \$142,000 ongoing from PUCURA for one position to monitor and evaluate the advice letter legacy website as well as to assist with the increased volume in advice letter and Resolution processing. The requested position would support both the oversight, maintenance, and administration of the advice letter website as well as address advice letter processing.	Approve as budgeted.
45.	January Governor's Budget	Administrative Support Resources. The Governor's budget includes \$400,000 from various special funds (Distributed Administration) ongoing to provide staffing support for the Commission President and executive staff. Currently, these positions are limited-term. However, CPUC requests to transition them into permanent ones, as the workload needs are ongoing.	Reject without prejudice.
46.	January Governor's Budget	Energy Research Platform. The budget includes \$186,000 from PUCURA ongoing for one position to lead the development, maintenance, and administrative oversight of the California Distributed Generation Statistics (DGStats) Platform, a website that provides distributed generation interconnection, locational, and technical data. Currently, one position supports the administration of AB 2143 (Carrillo, Chapter 774, Statutes of 2022), who in part manages DGStats.	Approve as budgeted.

47.	January Governor's Budget	Utility Permitting and Project Review Process. The Governor's budget includes \$216,000 from PUCURA ongoing to convert one limited-term position to a permanent one to address an increase in electrical transmission permitting. SB 319 (McGuire, Chapter 390, Statutes of 2023) requires CPUC to submit a biennial report to the Legislature on the status and cost of electrical transmission project applications as well as to gather data and analytics for transmission permitting and develop recommendations for permit streamlining.	Approve as budgeted.
48.	January Governor's Budget	Broadband for All Reappropriation. The Governor's budget includes a reappropriation of \$8 million General Fund in administrative funds for contracts, licenses, and consultants to continue implementing Broadband for All until June 30, 2030. This reappropriation request is important to efficiently use savings from previously allocated funds to comply with federal monitoring requirements to ensure California's continued access to federal funds, and to comply with state and federal timelines, project progress monitoring, and specific program commitments.	Approve as budgeted.
49.	January Governor's Budget	Wildfire Fund Clean-up Trailer Bill Language. The Governor's budget includes trailer bill language that proposes amendments to SB 254 (Becker, Chapter 119, Statutes of 2025). Specifically, the proposed language corrects an erroneous cross-reference in Section 1 by replacing the reference to Public Utilities Code (PUC) section 850.1(a)(1)(B) with the proper citation to section 850.1(a)(1)(A)(ii); replace the phrase "additional annual contributions" with "annual contributions"; corrects the incorrect cross-reference in Section 4 from PUC section 3299.3(b) to section 3299.3(a); replaces the phrase "Wildfire Fund allocation metric" with the allocation formula specified in section 3299.3(a)(2), ensuring that the correct methodology is used to determine each utility's required contribution; and correct the definition by cross-reference to "Wildfire Fund."	Approve placeholder language.
50.	January Governor's Budget	Public Advocates Office – Energy Modernization and Affordability (SB 254). The Governor's budget includes \$400,000 from the Public Utilities Commission Public Advocates Office Account and two positions to implement SB 254 (Becker, Chapter 119, Statutes of 2025). SB 254 requires the California Public Utilities Commission (CPUC) to mandate each electrical corporation to retain a third-party review of the corporation's practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth. This review is ongoing, and CPUC is required to establish an enforcement policy for meeting energization timelines that include penalties for failing to implement any remedial actions.	Approve as budgeted.

		In addition, SB 254 amends requirements regarding wildfire mitigation plans (WMPs) submitted to the Office of Energy Infrastructure Safety (Energy Safety) and Risk Assessment Mitigation Phase (RAMP) filings to the CPUC. As such, the Public Advocate’s Office (PAO) requests two positions: one Public Utilities Regulatory Analyst (PURA) V position to address increased energization-related work and to focus on the new third-party auditing requirements as well as one PURA III position to support the alignment of WMP, RAMP, and General Rate Case proceedings at the CPUC and Energy Safety and to support the PAO role in cost recovery and securitization proceedings.	
51.	January Governor’s Budget	Cap-and-Invest Implementation (AB 1207). The Governor’s budget includes \$2.2 million from the Greenhouse Gas Reduction Fund (GGRF) ongoing for seven positions to implement the updated regulations and program requirements for the reauthorized Cap-and-Invest program, consistent with AB 1207 (Irwin, Chapter 117, Statutes of 2025). Specifically, the funding would support CPUC’s implementation of a requirement that instead of the current twice-yearly rebate, the California Climate Credit instead be provided to electric residential customers of IOUs “in no more than four high-billed months of each year to maximize customer electric bill affordability, or as otherwise directed by the commission to address extreme, unforeseen, and temporary circumstances.” In addition, CPUC requests \$756,000 annually for an external contract to conduct targeted outreach across various customer groups, receiving different levels of benefits to promote awareness for how program improvements impact customer bills and improve energy affordability.	Withhold action, conforming with actions taken on item 61.
52.	January Governor’s Budget	Ratepayer and Technological Innovation Protection Act (SB 57). The Governor’s budget includes \$668,000 from PUCURA in 2026-27 and \$523,000 ongoing for three positions, rates training, operational costs, and consultant services to implement SB 57 (Padilla, Chapter 647, Statutes of 2025) and to address increasing analytical, regulatory, and oversight workload associated with new large data center electrical loads.	Approve as budgeted.
53.	January Governor’s Budget	Voluntary Energy Markets (AB 825). The Governor’s budget includes \$1.9 million from PUCURA for eight positions ongoing to implement AB 825 (Petrie-Norris, Chapter 116, Statutes of 2025).	Approve as budgeted.

54.	May Revision	<p>Renewable Portfolio Standards Database. The May Revision includes \$469,000 in 2026-27 and ongoing from Public Utilities Commission Utilities Reimbursement Account for annual maintenance and operations costs for the Renewables Portfolio Standard (RPS) Database and RPS Data Public Website, which are newly developed platforms used to intake and analyze RPS data from California RPS retail sellers and allow the public to access non-confidential RPS data. This request includes costs for technical consultants, cloud services, licenses, and software.</p>	Approve as budgeted.
55.	May Revision	<p>Ongoing Broadband for All Support and Reappropriation. The May Revision includes \$870,000 from the Public Utilities Commission Reimbursement Account in 2026-27 and ongoing for two positions and contract costs to carry out timely and compliant California Energy Quality Act (CEQA) reviews of Broadband Last Mile infrastructure projects. Specifically, this request would convert two existing limited-term positions to permanent positions to support CEQA evaluations and construction monitoring for broadband infrastructure projects. These positions are needed to complete CEQA determination for 12 projects, manage the construction and mitigation monitoring for 12 statutorily exempted projects, and oversee CEQA for one non-exempted project.</p> <p>The May Revision also includes reappropriation of \$68 million General Fund from the 2021 Budget Act to continue funding Broadband Last Mile infrastructure grants and to extend the liquidation period of federal Capital Projects funds from December 31, 2026, to April 30, 2027, consistent U.S. Treasury guidance. This reappropriation will allow the Public Utilities Commission to administer and manage all grants awarded through the Broadband Last-Mile Infrastructure Grant program. The extension will allow the Public Utilities Commission to continue to encumber projects awarded with federal Capital Project Fund dollars until December 31, 2026, and provide additional time to process invoices through U.S. Treasury's 120-day closeout period of April 30, 2027.</p>	Approve as budgeted.
56.	May Revision	<p>Expedited Undergrounding Program. The May Revision includes \$1.9 million from the Public Utilities Commission Utilities Reimbursement Account in 2026-27 and ongoing for eight positions and operating expenses to implement, administer, and oversee the expedited review of 10-year undergrounding plan program requirements developed per SB 884 (McGuire, Chapter 819, Statutes of 2022). Previously, the 2023 Budget included \$1.4 million ongoing for six permanent positions as well as limited-term funding for consulting services to implement SB 884.</p>	Approve as budgeted.

		<p>However, since then, the CPUC has identified additional workload to align with the Office of Energy Infrastructure Safety’s SB 884 guidelines (which finalized after the 2023 Budget) and to address the substantial volume of project-specific data analysis, newly established balancing accounts, and the continuous monitoring and audit requirements necessary to oversee the undergrounding costs to be passed on to ratepayers.</p>	
57.	May Revision	<p>Public Advocates Office: Ratepayer and Technological Innovation Protection Act. The May Revision includes \$218,000 from the Public Utilities Commission Public Advocates Office Account for one position to support for increased workload related to data centers and other large-load customers' impacts to the electrical grid and ratepayer costs, consistent with SB 57 (Padilla, Chapter 647, Statutes of 2025). The Public Advocates Office requests one new Utility Engineer position in this proposal. This position will give the Public Advocates Office the bandwidth and expertise to appropriately focus on the increasing amount of data center analysis and research, transmission research and analyses, and review of transmission infrastructure applications.</p>	Approve as budgeted.
58.	May Revision	<p>Public Advocates Office: Expedited Undergrounding Program. The May Revision includes \$437,000 from the Public Utilities Commission Public Advocates Account in 2026-27 and ongoing for two positions to meet increased workload resulting from changes in risk assessment and General Rate Cases as well as updates to the Electric Undergrounding Program (EUP). Specifically, the Public Advocates Office requests one position to assess utility risk proposals in General Rate Cases, primarily focusing on the EUP, and another position to build and analyze a database o the expanded utility risk mitigation data that the CPUC is requiring utilities to report, as part of the EUP.</p>	Approve as budgeted.
59.	May Revision	<p>Public Advocates Office: Voluntary Energy Markets (AB 825). The May Revision includes \$1.2 million from the Public Utilities Commission Public Advocates Account in 2026-27 and ongoing to support ratepayer benefit analysis workload once the Regional Organization is established, consistent with the requirements of AB 825 (Petrie-Norris, Chapter 116, Statutes of 2025). Specifically, AB 825 requires the independent regional organization to include funding for a consumer advocate organization. The Public Advocates Office requests five positions to help establish this new organization, as well as participate in stakeholder processes, tariff review, coordinate with other states’ consumer advocates, and review market data.</p>	Approve as budgeted.

<p>60.</p>	<p>January Governor’s Budget</p>	<p>California Lifeline Program. The May Revision does not update the Governor’s Budget estimate for the Universal Lifeline Telephone Service Program, which is currently estimated to be at \$613,813,000 in 2025-26 and \$698,872,000 in 2026-27 from the Universal Lifeline Telephone Service Trust Administrative Committee Fund. This program provides low-income California households with basic, high-quality wireless and wireline services at affordable rates. The 2026-27 estimates reflect an increase in both local assistance and state operations—\$664,930,000 for local assistance to reimburse claims from participating service providers that offer discounted phone service to program participants and \$33,942,000 for state operations to administer the program. According to CPUC, local assistance is expected to increase due to a projected increase in enrollment based on actual subscribership data trends as well as the inclusion of the new Home Broadband Pilot, which expands service access to additional eligible households. In addition, state operations costs are expected to be higher as well due to higher third-party administrator contract costs, due to an expanded subscriber base, and a new inter-agency agreement with the Department of Health Care Services to facilitate initial enrollment and annual renewals.</p>	<p>Approve \$573.2 million in 2026-27, the projected revenues included in Resolution T-17910.</p>
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VARIOUS DEPARTMENTS

Issue 61-62: Various Proposals

<u>Issue #</u>	<u>Origin</u>	<u>Subject</u>	<u>Staff Recommendation</u>
61.	January Governor’s Budget, May Revision	<p>GGRF Spending Plan. The Governor’s Budget includes over \$1.6 billion to discretionary activities, including: (1) \$1.25 billion to backfill California Department of Forestry and Fire Protection (CalFire) costs that otherwise would be paid by the General Fund, (2) \$250 million for activities specified in intent language in SB 840, and (3) \$115 million to create a new light-duty zero-emission vehicle (ZEV) incentive program. The administration does not anticipate GGRF will have adequate revenues to support the full amounts identified in SB 840 for certain programs.</p> <p>The May Revision updates GGRF estimates for the current year and budget year. Specifically, the May Revision estimates \$3.4 billion in auction proceeds in 2025-26 and \$3.4 billion in 2026-27.</p>	<p>Reject the Governor’s GGRF expenditure plan.</p> <p>Approve “Deal is a Deal” budget bill language that specifies that, notwithstanding existing law, no appropriations shall be made from the Greenhouse Gas Reduction Fund, including continuous appropriations and reappropriations, unless either of the following occurs:</p> <ol style="list-style-type: none"> 1. The Department of Finance makes a written determination that estimates at least \$5.7 billion will be generated for the Greenhouse

			<p>Gas Reduction Fund in both 2026-27 and 2027-28 and that no programs will receive reductions pursuant to paragraph (3) of subdivision (c) of section 39719.4 of the Health and Safety Code.</p> <p>2. \$1 billion from the GGRF is appropriated in 2026-27 for the Legislative priorities established pursuant to paragraph (2) of subdivision (b) of Section 39719.4 of the Health and Safety Code and no programs will receive reductions pursuant to paragraph (3) of</p>
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			<p>subdivision (c) of section 39719.4 of the Health and Safety Code in accordance with the Cap and Invest agreement of 2025, along with accompanying budget bill language specifying that this requirement has been met.</p> <p>Approve budget bill language that specifies as follows: No later than July 6, 2026, the Department of Finance shall provide the Legislature updated revenue estimates for 2026-27 and 2027-28, incorporating as applicable any decisions taken by the Air Resources Board on the cap-and-invest regulation at its May board meeting.</p>
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			<p>Approve “Deal is a Deal” budget bill language that specifies that, notwithstanding existing law and regulations, the Air Resources Board shall not create or distribute any Manufacturing Decarbonization Incentive allowances, unless all of the following conditions are met:</p> <ol style="list-style-type: none"> 1. The Air Resources Board makes a written determination, which is reviewed and accompanied by written comments from the Independent Emissions Market Advisory Committee created pursuant to Section 38591.2 of the Health and
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			<p>Safety Code, that the use of any such allowances is consistent with the statewide emission reductions required by latest climate change scoping plan and Division 25.5 of the Health and Safety Code, including Sections 38562.2 and 38566;</p> <p>2. The California Energy Commission makes a written determination that providing refiners with additional allowances will lower retail gasoline prices, based on an analysis of data collected pursuant to Section 25355</p>
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			<p>of the Public Resources Code; and</p> <p>3. The Department of Finance makes a written determination estimating that at least \$5.7 billion will be generated for the Greenhouse Gas Reduction Fund in both 2026-27 and 2027-28 and that no programs will receive reductions pursuant to paragraph (3) of subdivision (c) of Section 39719.4 of the Health and Safety Code.</p>
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<p>62.</p>	<p>January Governor's Budget</p>	<p>Cap-and-Invest Trailer Bill Language. The Governor's budget includes a trailer bill language proposal to make various changes to SB 840. Some of the main proposed changes would memorialize its interpretation of the intent of SB 840 by clarifying that: (1) the SB 840 allocation methodology applies to auction revenues, not interest earnings or the entering fund balance, and (2) state operations costs should be considered as part of Tier 1. Other notable proposed changes include (1) dividing the Affordable Housing and Sustainable Communities (AHSC) Program into two allocations, (2) enhancing flexibility across two portions of wildfire resilience funding, and (3) expanding the eligible uses for the High-Speed Rail Authority's GGRF allocation to include its administrative and state operations costs.</p>	<p>Withhold action, conforming with actions taken on item 61.</p>
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