

HEALTH AND SAFETY CODE
SECTION 39710-39723

39710. For purposes of this chapter, "fund" means the reenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

39711. (a) The California Environmental Protection Agency shall identify disadvantaged communities for investment opportunities related to this chapter. These communities shall be identified based on geographic, socioeconomic, public health, and environmental hazard criteria, and may include, but are not limited to, either of the following:

(1) Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation.

(2) Areas with concentrations of people that are of low income, high unemployment, low levels of homeownership, high rent burden, sensitive populations, or low levels of educational attainment.

(b) The California Environmental Protection Agency shall hold at least one public workshop prior to the identification of disadvantaged communities pursuant to this section.

(c) Chapter 3.5 (commencing with Section 11340) of the Part 1 of Division 3 of Title 2 of the Government Code does not apply to the identification of disadvantaged communities pursuant to this section.

39712. (a) (1) It is the intent of the Legislature that moneys shall be appropriated from the fund only in a manner consistent with the requirements of this chapter and Article 9.7 (commencing with Section 16428.8) of Chapter 2 of Part 2 of Division 4 of Title 2 of the Government Code.

(2) The state shall not approve allocations for a measure or program using moneys appropriated from the fund except after determining, based on the available evidence, that the use of those moneys furthers the regulatory purposes of Division 25.5 (commencing with Section 38500) and is consistent with law. If any expenditure of moneys from the fund for any measure or project is determined by a court to be inconsistent with law, the allocations for the remaining measures or projects shall be severable and shall not be affected.

(b) Moneys shall be used to facilitate the achievement of reductions of greenhouse gas emissions in this state consistent with Division 25.5 (commencing with Section 38500) and, where applicable and to the extent feasible:

(1) Maximize economic, environmental, and public health benefits to the state.

(2) Foster job creation by promoting in-state greenhouse gas emissions reduction projects carried out by California workers and businesses.

(3) Complement efforts to improve air quality.

(4) Direct investment toward the most disadvantaged communities and households in the state.

(5) Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions.

(6) Lessen the impacts and effects of climate change on the state's communities, economy, and environment.

(c) Moneys appropriated from the fund may be allocated, consistent with subdivision (a), for the purpose of reducing greenhouse gas emissions in this state through investments that may include, but are not limited to, any of the following:

(1) Funding to reduce greenhouse gas emissions through energy efficiency, clean and renewable energy generation, distributed renewable energy generation, transmission and storage, and other related actions, including, but not limited to, at public universities, state and local public buildings, and industrial and manufacturing facilities.

(2) Funding to reduce greenhouse gas emissions through the development of state-of-the-art systems to move goods and freight, advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation.

(3) Funding to reduce greenhouse gas emissions associated with water use and supply, land and natural resource conservation and management, forestry, and sustainable agriculture.

(4) Funding to reduce greenhouse gas emissions through strategic planning and development of sustainable infrastructure projects, including, but not limited to, transportation and housing.

(5) Funding to reduce greenhouse gas emissions through increased in-state diversion of municipal solid waste from disposal through waste reduction, diversion, and reuse.

(6) Funding to reduce greenhouse gas emissions through investments in programs implemented by local and regional agencies, local and regional collaboratives, and nonprofit organizations coordinating with local governments.

(7) Funding research, development, and deployment of innovative technologies, measures, and practices related to programs and projects funded pursuant to this chapter.

39713. (a) The investment plan developed and submitted to the Legislature, pursuant to Section 39716, shall allocate a minimum of 25 percent of the available moneys in the fund to projects that provide benefits to communities described in Section 39711.

(b) The investment plan shall allocate a minimum of 10 percent of the available moneys in the fund to projects located within communities described in Section 39711.

(c) The allocation pursuant to subdivision (b) may be, but need not be, for projects included, in whole or in part, in the set of projects supported by the allocation described in subdivision (a).

39715. (a) The state board, in consultation with the California Environmental Protection Agency shall develop funding guidelines for administering agencies that receive appropriations from the fund to ensure the requirements of this chapter are met. The guidelines shall include a component for how administering agencies should maximize benefits for disadvantaged communities, as described in Section 39711.

(b) The state board shall provide an opportunity for public input prior to finalizing the guidelines.

(c) Chapter 3.5 (commencing with Section 11340) of the Part 1 of Division 3 of Title 2 of the Government Code does not apply to the guidelines developed pursuant to this section.

39716. (a) The Department of Finance, on behalf of the Governor, and in consultation with the state board and any other relevant state entity, shall develop and submit to the Legislature at the time of the department's adjustments to the proposed 2013-14 fiscal year budget pursuant to subdivision (e) of Section 13308 of the Government Code a three-year investment plan. Commencing with the 2016-17 fiscal year budget and every three years thereafter, with the release of the Governor's budget proposal, the Department of Finance shall include updates to the investment plan following the public process described in subdivisions (b) and (c). The investment plan, consistent with the requirements of Section 39712, shall do all of the following:

(1) Identify the state's near-term and long-term greenhouse gas emissions reduction goals and targets by sector.

(2) Analyze gaps, where applicable, in current state strategies to meeting the state's greenhouse gas emissions reduction goals and targets by sector.

(3) Identify priority programmatic investments of moneys that will facilitate the achievement of feasible and cost-effective greenhouse gas emissions reductions toward achievement of

greenhouse gas reduction goals and targets by sector, consistent with subdivision (c) of Section 39712.

(b) (1) The state board shall hold at least two public workshops in different regions of the state and one public hearing prior to the Department of Finance submitting the investment plan.

(2) The state board shall, prior to the submission of each investment plan, consult with the Public Utilities Commission to ensure the investment plan is coordinated with, and does not conflict with or unduly overlap with, activities under the oversight or administration of the Public Utilities Commission undertaken pursuant to Part 5 (commencing with Section 38570) of Division 25.5 or other activities under the oversight or administration of the Public Utilities Commission that facilitate greenhouse gas emissions reductions consistent with this division. The investment plan shall include a description of the use of any moneys generated by the sale of allowances received at no cost by the investor-owned utilities pursuant to a market-based compliance mechanism.

(c) The Climate Action Team, established under Executive Order S-3-05, shall provide information to the Department of Finance and the state board to assist in the development of each investment plan. The Climate Action Team shall participate in each public workshop held on an investment plan and provide testimony to the state board on each investment plan. For purposes of this section, the Secretary of Labor and Workforce Development shall assist the Climate Action Team in its efforts.

39718. (a) Moneys in the fund shall be appropriated through the annual Budget Act consistent with the investment plan developed and submitted pursuant to Section 39716.

(b) Upon appropriation, moneys in the fund shall be available to the state board and to administering agencies for administrative purposes in carrying out this chapter.

(c) Any repayment of loans, including interest payments and all interest earnings on or accruing to any moneys, resulting from implementation of this chapter shall be deposited in the fund for purposes of this chapter.

39719. (a) The Legislature shall appropriate the annual proceeds of the fund for the purpose of reducing greenhouse gas emissions in this state in accordance with the requirements of Section 39712.

(b) To carry out a portion of the requirements of subdivision (a), annual proceeds are continuously appropriated for the following:

(1) Beginning in the 2015-16 fiscal year, and notwithstanding

Section 13340 of the Government Code, 35 percent of annual proceeds are continuously appropriated, without regard to fiscal years, for transit, affordable housing, and sustainable communities programs as following:

(A) Ten percent of the annual proceeds of the fund is hereby continuously appropriated to the Transportation Agency for the Transit and Intercity Rail Capital Program created by Part 2 (commencing with Section 75220) of Division 44 of the Public Resources Code.

(B) Five percent of the annual proceeds of the fund is hereby continuously appropriated to the Low Carbon Transit Operations Program created by Part 3 (commencing with Section 75230) of Division 44 of the Public Resources Code. Funds shall be allocated by the Controller, according to requirements of the program, and pursuant to the distribution formula in subdivision (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of, the Public Utilities Code.

(C) Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program created by Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual proceeds, shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015-16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

(A) Acquisition and construction costs of the project.

(B) Environmental review and design costs of the project.

(C) Other capital costs of the project.

(D) Repayment of any loans made to the authority to fund the project.

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

39719.1. (a) Of the amount loaned from the fund to the General Fund pursuant to Item 3900-011-3228 of Section 2.00 of the Budget Act of 2013, four hundred million dollars (\$400,000,000) shall be available to the High-Speed Rail Authority pursuant to subdivision (b).

(b) The portion of the loan from the fund to the General Fund described in subdivision (a) shall be repaid to the fund as necessary based on the financial needs of the high-speed rail project. Beginning in the 2015-16 fiscal year, and in order to carry out the goals of the fund in accordance with the requirements of Section 39712, the amounts of all the loan repayments, notwithstanding Section 13340 of the Government Code, are continuously appropriated from the fund to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

- (1) Acquisition and construction costs of the project.
- (2) Environmental review and design costs of the project.
- (3) Other capital costs of the project.
- (4) Repayment of any loans made to the authority to fund the project.

39720. (a) Notwithstanding Section 10231.5 of the Government Code, the Department of Finance shall submit a report on or before March 1, 2014, and annually thereafter, to the appropriate committees of the Legislature on the status of projects funded pursuant to this part and their outcomes.

(b) A report submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795 of the Government Code.

39721. For the report prepared pursuant to Section 39720, administering agencies shall report to the Department of Finance, and the Department of Finance shall include in the report, a description of how the administering agencies have fulfilled the requirements of Section 39713.

39723. Nothing in this chapter shall be construed as resulting in any taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution.