

Cap-and-Trade Revenues & Disadvantaged Communities

Background

In passing SB 535 (de León) in 2012, the Legislature required that at least 25 percent of all cap-and-trade auction revenues be spent on projects that benefit California's disadvantaged communities and that no less than 10 percent of the proceeds fund projects located within such communities. In addition, AB 1532 (Pérez, 2012) required, among other things, that cap-and-trade proceeds deposited in the Greenhouse Gas Reduction Fund be spent to further the purpose of AB 32 (Nuñez-Pavley) while investing in the most disadvantaged communities in the state and fostering job creation.

CalEPA and OEHHA have identified the most disadvantaged areas in the State, using a science-based tool that analyzes the impacts of multiple pollution sources and socioeconomic vulnerability. The most burdened communities, which scored in the top 10 percent, represent 21 percent of California's population. (See Map on Reverse)

The Problem

The Governor's May Revise proposal to loan all \$500 million in estimated cap-and-trade revenues in FY 13-14 to the General Fund contravenes the intent of SB 535 and AB 1532 and breaks the promise to millions of Californians that are disproportionately impacted by the causes and effects of climate change, and that face the risk of additional adverse impacts from carbon trading impacts under the State's program.

Keeping the Promise

We urge Conference Committee members to oppose the Governor's proposal and ensure that California's most polluted communities receive immediate investments to reduce greenhouse gas emissions, clean the air, and create good jobs. The Legislature should appropriate at least 25 percent of the estimated cap-and-trade revenues to programs and projects that benefit disadvantaged communities in the FY 13-14 Budget Act.

The Air Resources Board and the Department of Finance have already identified many existing programs that can reduce GHGs and provide direct benefits to disadvantaged communities right away. These include programs supported by the SB 535 coalition, such as energy efficiency for low-income families, improved public transportation service, solar programs for single and multifamily homes, urban forestry, and transit-oriented development affordable to low- and very-low income households.

