

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 30, 2009
POSITION: Neutral, note concerns

BILL NUMBER: SB 104
AUTHOR: J. Oropeza

BILL SUMMARY: Global Warming Solutions Act of 2006: Greenhouse Gases

This bill would add to the statutorily designated greenhouse gases (GHGs) subject to regulation by the Air Resources Board (Air Board) nitrogen trifluoride and any other gas designated as a GHG by the United Nations Framework Convention on Climate Change (UNFCCC). The Air Board would be required to adopt emission limits and emission reduction measures for any gas designated as a GHG by the UNFCCC or by the Air Board within 2 years of a designation as a greenhouse gas.

FISCAL SUMMARY

The Air Board has not yet provided a cost estimate for this bill's provisions; therefore we are unable to provide a fiscal estimate. However, we note that the bill potentially could require the development of numerous regulations for an unknown number of additional gases within a two-year period. Based on historical averages, Air Board regulations cost a minimum of \$680,000 over at least a two-year period (potentially much more, depending on the complexity of the regulation) and require at least two staff over the same time period.

Section 4 of this bill contains an appropriate "crimes and infractions" mandated-cost disclaimer, recognizing that a violation of the bill's provisions would be a crime or infraction.

COMMENTS

The Department of Finance is neutral on this bill, but notes the following concerns:

- The bill is unnecessary. The statutory definition in AB 32 includes the six original Kyoto Protocol compounds by name but does not expressly limit the definition of GHG only to those gases. Absent such a limit it can be reasonably interpreted that no limit was intended by AB 32, when there is a historical and scientific basis for a broader definition to apply.
The bill's timeframe for regulatory development (no later than two years after a gas is designated a GHG by specified parties) may not provide enough time for the Air Board to develop regulations.
The bill potentially could impose significant regulatory development costs upon the Air Board, if the UNFCCC chose to add a significant number of gases to its list of designated GHGs at one time.

This bill is intended to update the statutory definition of GHGs authorized by Chapter 488, Statutes of 2006 (AB 32) and provide flexibility to add new GHGs as identified by the UNFCCC. AB 32 used the definition of GHGs negotiated in the Kyoto Protocol in the 1990s. This bill would add nitrogen trifluoride, a gas not widely used in the 1990s when the Kyoto Protocol was negotiated, and according to the author, a gas that studies have found has a global warming potential 17,000 times greater than carbon dioxide.

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Analyst/Principal Date Program Budget Manager Date
(0623) K. DaRosa Karen Finn

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

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Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2008-2009	2009-2010	2010-2011	
3900/Air Res Bd	SO	No		----- See Fiscal Summary -----			0115
<u>Fund Code</u>	<u>Title</u>						
0115	Air Pollution Control Fund						