

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral fiscally; defer to Air Resources Board

BILL NUMBER: SB 246
AUTHOR: K. De Leon

BILL SUMMARY: Global Warming Solutions Act of 2006: Offsets

Existing law requires the Air Resources Board (Air Board) to adopt greenhouse gas (GHG) emission limits and emission reduction measures by regulation on or before January 1, 2011. Existing law authorizes the Air Board to include the use of market-based mechanisms to comply with the regulations, under certain conditions.

This bill would statutorily define a "Compliance offset" and require the Air Board, if it authorizes the use of compliance offsets, to control the eligibility of offsets used to comply with the Global Warming Solutions Act of 2006 (AB 32) market-based compliance system. The bill also would require the Air Board to investigate third-party claims about an offset before it is credited; ensure offsets do not have significant adverse impacts on human health or the environment; and ensure credits are permanently retired and the retired credit emissions reductions are not claimed by another entity.

FISCAL SUMMARY

According to the Air Board, the bill would impose minor and absorbable costs on the Air Board.

COMMENTS

The Department of Finance notes the bill is fiscally neutral, and defers to the Air Board as to potential policy merits or concerns related to the bill.

The bill's author seeks to make the Air Board explicitly responsible and accountable to meet the requirements of AB 32 by requiring the Air Board to track the registration and sale of offsets and ensure the same credits are not sold more than once. The bill also would require the Air Board to enforce rules and standards related to any offset program in order to ensure any offsets program used to meet AB 32 GHG reduction goals contains substantial regulatory oversight to minimize fraud, manipulation, and faulty calculations.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code		
		(Dollars in Thousands)								
	LA	CO	PROP	FC	2010-2011	FC	2011-2012	FC	2012-2013	
	RV	98								
3900/Air Res Bd	SO	No			-----	No/Minor	Fiscal Impact	-----		0115
<u>Fund Code</u>	<u>Title</u>									
0115	Air Pollution Control Fund									

Analyst/Principal (0623) J. McGuinn	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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