

FILED
in the office of the Secretary of State
of the State of California
JUL 18 2017
By Nick Panichini
Deputy Secretary of State

Assembly Constitutional Amendment No. 1

Adopted in Assembly July 17, 2017

[Signature]
Chief Clerk of the Assembly

Adopted in Senate July 17, 2017

[Signature]
Secretary of the Senate

Attest:

Alex Kell
Secretary of State

This resolution was received by the Secretary of State this
18th day of July, 2017, at 12:30
o'clock p.m.

Nick Panichini
Deputy Secretary of State

RESOLUTION CHAPTER _____

Assembly Constitutional Amendment No. 1—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 24 to Article XX thereof, relating to climate change.

LEGISLATIVE COUNSEL'S DIGEST

ACA 1, Mayes. Greenhouse Gas Reduction Reserve Fund.

The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

The California Constitution requires appropriations from the General Fund of the state to be passed by a $\frac{2}{3}$ vote of the membership of each house of the Legislature and requires a majority vote to pass appropriations for the public schools and appropriations in the Budget Bill and in other bills providing for appropriations related to the Budget Bill.

This measure would create the Greenhouse Gas Reduction Reserve Fund, in which all moneys collected by the state board as part of a market-based compliance mechanism beginning January 1, 2024, and until the effective date of specified legislation would be deposited. The measure would require all moneys in the fund to be available upon appropriation for specified purposes and would require a bill making those appropriations to be passed by a $\frac{2}{3}$ vote of the membership of each house of the Legislature. The measure would require all new moneys collected as part of a market-based compliance mechanism after the effective date of that specified legislation to be deposited in the Greenhouse Gas Reduction Fund. The measure would prohibit a specified sales tax exemption from being applied until the effective date of that specified legislation.

WHEREAS, The California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) establishes statewide targets for reducing greenhouse gases that cause global warming to 1990 levels by 2020 and to 40 percent below 1990 levels by 2030; and

WHEREAS, The State Air Resources Board adopted the market-based compliance mechanism, known as the Cap-and-Trade Program, which is the most cost-effective means to assist the state in reaching the statewide emissions reduction targets by allocating allowances to represent greenhouse gas emissions and decreasing the number of allowances over time; and

WHEREAS, The market-based compliance mechanism includes the distribution of a portion of the allowances by auction and reserve sales, the proceeds of which the Legislature has directed to be deposited in the Greenhouse Gas Reduction Fund; and

WHEREAS, The projects funded by moneys derived from the auction or sale of allowances, among other things, assist farmers in making changes needed to reduce emissions; enable residents to invest in energy efficiency and renewable energy upgrades; improve air quality for millions of residents, especially in our most polluted communities; support low- and zero-carbon transportation alternatives and sustainable communities; and enhance natural resources, including healthy forests and parks; and

WHEREAS, Moneys from the sale of allowances must continue to achieve additional emissions reductions and provide benefits to low-income and disadvantaged communities; and

WHEREAS, It is vital to protect the integrity of the Cap-and-Trade Program; and

WHEREAS, The Legislature, representing a diverse range of Californians, should assess the efficacy of the programs funded by the Cap-and-Trade Program to ensure those programs are furthering the state's ambitious plan to reduce greenhouse gas emissions to 40 percent below 1990 levels by 2030; now, therefore, be it

Resolved by the Assembly, the Senate concurring, That the Legislature of the State of California at its 2017–18 Regular Session commencing on the fifth day of December 2016, two-thirds of the membership of each house concurring, hereby proposes to the people of the State of California that the Constitution of the State be amended as follows:

That Section 24 is added to Article XX thereof, to read:

SEC. 24. (a) The Greenhouse Gas Reduction Reserve Fund is hereby created as a special fund in the State Treasury.

(b) For the time period specified in subdivision (d) only, all moneys collected by the State Air Resources Board from the auction or sale of allowances pursuant to a market-based compliance mechanism established pursuant to the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) shall be deposited in the Greenhouse Gas Reduction Reserve Fund.

(c) Notwithstanding any other provision of this Constitution, moneys in the Greenhouse Gas Reduction Reserve Fund shall be available upon appropriation by the Legislature by rollcall vote entered in the journal, two-thirds of the membership of each house concurring, for the same purposes applicable on January 1, 2024, to the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(d) Subdivision (b) shall apply beginning January 1, 2024, and until the effective date of legislation that contains an appropriation from the Greenhouse Gas Reduction Reserve Fund. After the effective date of that legislation, all new moneys collected pursuant to a market-based compliance mechanism shall be deposited in the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(e) Section 6377.1 of the Revenue and Taxation Code shall not apply to sales that occur while the moneys specified in subdivision (b) are being deposited in the Greenhouse Gas Reduction Reserve Fund, but shall resume on the effective date of legislation identified in subdivision (d).