



## Legislation Details (With Text)

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**Title:** Acting as the Board of Directors of the El Dorado County Air Quality Management District: Air Quality Management District recommending the Board submit a letter signed by the Chair to the California Environmental Protection Agency, Department of Finance and Air Resources Board requesting the establishment of a Rural Sustainability Fund to allocate Cap and Trade revenue generated in El Dorado County to projects in El Dorado County.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. A - Rural Sustainability Fund Request Letter 11-17-14, 2. B - California Spending Plan Cap and Trade 11-17-14, 3. C - Legislative Analyst Office Transportation Fuels Cap and Trade Cost 11-17-14, 4. Executed letter 11-17-14 item 2.pdf

| Date       | Ver. | Action By            | Action   | Result |
|------------|------|----------------------|----------|--------|
| 11/17/2014 | 1    | Board of Supervisors | Approved | Pass   |

Acting as the Board of Directors of the El Dorado County Air Quality Management District: Air Quality Management District recommending the Board submit a letter signed by the Chair to the California Environmental Protection Agency, Department of Finance and Air Resources Board requesting the establishment of a Rural Sustainability Fund to allocate Cap and Trade revenue generated in El Dorado County to projects in El Dorado County.

**Fiscal Impact/Change to Net County Cost:**

There is no fiscal impact and no change to net County cost associated with this item.

**Background:**

On January 1, 2015, fuels such as gasoline, diesel and propane will be included in the California Cap and Trade program. Several legislators from both political parties expressed concern about the financial impacts and introduced legislation to change or delay this action. Those efforts were unsuccessful.

Independent analysis by the Legislative Analyst's Office suggests that adding fuel to the Cap and Trade program will likely result in long term gas price increases of \$0.13 to \$0.20 per gallon. Others have estimated higher increases. The fee will be assessed on refineries and other processors. A significant portion of this fee is likely to be passed on to consumers.

Revenue collected from the Cap and Trade fuel tax will be added to the California Greenhouse Gas Reduction fund. The 2014/2015 budget for the fund does not include fuel tax revenue. The budget includes some spending categories that could directly or indirectly benefit El Dorado County. However, the majority of the funds are earmarked in ways that will exclude El Dorado County. Fund allocations are in part determined by the use of the CalEnviroScreen tool that gives strong preference to "disadvantaged communities". None of the El Dorado County census tracts meet the

disadvantaged communities criteria.

**Reason for Recommendation:**

Adding fuels to the Cap and Trade program will likely result in a one way transfer of funds. The letter requests that the revenue collected from El Dorado County residents and businesses as a result of the introduction of fuels into the State's Cap and Trade Program be allocated for rural sustainability projects.

Gasoline, diesel, natural gas and propane prices are higher in rural areas than in urban areas. Without a mechanism to fairly utilize this funding rural areas will not receive the public health, economic, employment and sustainability benefits intended by the addition of fuels to the Cap and Trade Program. Conversely, the significant financial burden for many of our residents will result in a negative public health impact. Fuel revenue should be allocated in a manner similar to the current transportation fund distribution process where gas tax funds are allocated based upon the number of registered vehicles and maintained road miles.

Allocating rural area fuels revenue to the rural county of origin will enable rural counties to pursue projects that will reduce black carbon and greenhouse gas emissions in accordance with local climate action plans and other planning needs. These projects could promote alternative energy generation, increase energy efficiency, improve water efficiency, support alternatives to current transportation patterns, create jobs and provide other sustainability benefits. Possible rural projects include:

- Forestry and Wildland Urban Interface wildfire risk reduction
- Alternative fuels, such as biodiesel
- Alternative energy projects such as forest biomass to energy
- Wood stove change out
- Electric vehicle infrastructure and incentives
- Municipal water efficiency projects
- Public transit expansion or conversions to cleaner vehicle technologies
- Residential and commercial solar power programs
- Active transportation projects linking population centers with schools and commercial areas

Portions of El Dorado County are designated as nonattainment for state and federal ambient air quality standards. In addition to reducing climate pollutants, these projects will reduce criteria pollutants and assist rural nonattainment areas in reaching attainment expeditiously as practicable.

**Action to be taken following Board approval:**

Board Chair to sign letter requesting the establishment of a Rural Sustainability Fund to allocate Cap and Trade revenue generated in El Dorado County to projects in El Dorado County. The letter will be submitted to the California Environmental Protection Agency, Department of Finance and Air Resources Board.

**Contact:**

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