

PROPOSITION 70: GREENHOUSE GAS REDUCTION RESERVE FUND

POSITION: The Chamber's Public Policy voted to SUPPORT Proposition 70 on May 8, 2018.

RATIONALE: Proposition 70 ensures a balanced expenditure plan that addresses the statewide goals for climate change.

STATUS: Proposition 70 is the result of ACA 1, passed on July 17, 2017. It will be on the June 5, 2018 statewide ballot.

SUMMARY

Proposition 70 would amend the California State Constitution to require all revenues from California's cap-and-trade auctions to be deposited into the Greenhouse Gas Reduction Reserve Fund (effective 1/1/2024), and require a one-time, two-thirds approval on a spending plan for the fund in both chambers of the state legislature.

INDUSTRIES IMPACTED

Proposition 70 has a wide range of impacts, from those businesses paying into the Gas Reduction Reserve fund, to those that may receive grants or other funding to work on policies or efforts that help to achieve the state's greenhouse gas reduction goals.

SUPPORTERS

Governor Jerry Brown
California Chamber of Commerce

OPPONENTS

League of Women Voters
Assemblyman Todd Gloria
Tom Steyer
Coalition for Clean Air
SEIU California

ARGUMENTS IN FAVOR

According to the CalChamber, the proposition "will encourage bipartisan support for an expenditure plan and allow for a process to negotiate expenditures that furthers the goals of the legislature as a whole."

ARGUMENTS IN OPPOSITION

The Coalition for Clean Air states that "There's no valid reason to set up an anti-democratic two-thirds hurdle...a two-thirds vote gives polluters more leverage in how cap-and-trade funding is spent after 2024."

MORE INFORMATION

As part of the 2017 negotiations led by then-Assembly Minority Leader Chad Mayes that reauthorized California's cap-and-trade program through 2030, Governor Brown, legislative Democrats and Republicans agreed to create the Greenhouse Gas Reduction Reserve Fund Reserve Fund. Effective January 1, 2024 revenues raised from cap-and-trade will be deposited directly into the Reserve Fund and lawmakers will have to take a single up-or-down vote on future spending of those proceeds.

To date, the revenues collected from cap and trade emission allowances have added up to more than \$4.9 billion. Some of those funds have gone to high speed rail, a priority of the current Governor, which the Republicans oppose. This constitutional amendment was proposed so that expenditures between 2024-2030 would be subjected to a supermajority in both houses of the Legislature. If legislators fail to act, the money would sit in limbo.

Additionally, beginning January 1, 2024 the manufacturing sales tax exemptions will be suspended, its revenues will also be placed in the Reserve Fund until a spending bill is successfully passed.