

TO: Salton Sea Authority Board of Directors
FROM: Oracio Gonzalez, Ollin Strategies
DATE: February 2023
SUBJECT: California State Advocacy

This memorandum provides a summary of state legislative developments related to the Authority's state advocacy.

The deadline for legislators to introduce legislation for consideration during the 2022 – 2023 legislative session was Friday, February 17, 2023. Between the Senate and the Assembly, over 2,600 bills were introduced. Of these measures, approximately 40% are “spot” or placeholder proposals, meaning the measures lack substantive language and instead only reference the intent of the author to work further on the measure with the goal of adding substantive language at a later date.

While a list of measures of importance to the Authority is included at the end of this memorandum, I would like to focus the Board's attention on SB 583 by Senator Padilla, a proposal to create the Salton Sea Conservancy.

SB 583- Salton Sea Conservancy

SB 583 is “spot” bill that declares Senator Padilla's intent to amend this measure with language establishing the Salton Sea Conservancy within the California Natural Resources Agency. While the legislation notes the conservancy will undertake activities in the Salton Sea region, it does not detail the scope of those activities.

Prior to introducing the measure, the Senator's Chief of Staff, Mr. Dan Reeves, reached out to the Authority to discuss the measure. During this meeting, Mr. Reeves explained the proposal would be “author sponsored,” meaning it would not be introduced on behalf of or at the urging of any specific group. While Mr. Reeves noted that a group of environmental NGOs from the region had approached the Senator to encourage him to introduce the measure, Mr. Padilla opted to introduce it as a “spot” bill in the hope of developing consensus among stakeholders on the design of the conservancy and the scope of activities it would undertake. Subsequent to this conversation, the Authority was invited to join a second meeting with Senator Padilla, Assemblymember Garcia, Comite Civico del Valle, Alianza Coachella Valley and Audubon California to further discuss the Senator's intent with the legislation.

The creation of a conservancy raises several important issues that the Authority will want to explore further.

Liability:

Under the Quantification Settlement Agreement and associated contractual obligations, the State of California assumed “unconditional liability” for mitigating the impacts of the QSA as well as

the long-term restoration of the Salton Sea. It is unclear how a conservancy will coincide with this legal obligation. Ultimately, the Authority will want to ensure the final legislation does not absolve the state of its legal obligations under the QSA and associated contractual obligations.

Governance:

Conservancies are independent, board-governed departments located within the California Natural Resources Agency. To date, the State has created ten conservancies, each charged with, among other things, acquiring land in specified geographical areas in order to advance specified goals. While the statutory goals of each conservancy differ, each conservancy was created in response to perceptions that certain vital land resources were endangered by development or other threats. Once established, conservancies use a combination of public and private funds to acquire and conserve lands having environmental, recreational, or scenic significance.

The Authority will want to understand who the Senator intends to place on the Board, as well as those groups that will not be included.

Timing:

In December, representatives with the U.S. Army Corps of Engineers Los Angeles District, the California Department of Water Resources and the Salton Sea Authority signed a cost-share agreement launching the Imperial Streams Salton Sea and Tributaries Feasibility Study. The Authority is a joint local sponsor of the study and will play an important role in the development of the final plan. It is unclear what role, if any, the conservancy will play in the completion of the study, or the extent to which the conservancy will be charged with undertaking any of projects or recommendations enumerated in the final report.

Scope

Under the QSA, the State serves as the lead entity charged with constructing projects to the benefit of the Salton Sea and surrounding communities. It is unclear what role the conservancy will have, if any, with project construction, project maintenance, or the extent to which its mission will align with the State's Salton Sea Management Plan, the Long-Range Plan or the above noted Imperial Streams Salton Sea and Tributaries Feasibility Study.

The Authority, at the Board's direction, will participate in stakeholder discussion as convened by Senator Padilla.

Below is a list of other introduced measures that are of relevance to the Salton Sea Authority

AB 1567 (Garcia): Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2023.

Will place a bond before voters in the amount of \$15,105,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs. At present, the measure contains placeholder language directing \$240 million toward the Salton Sea. Of this amount, \$30 million is earmarked for the Salton Sea Authority.

AB 827 (Garcia): Public health: pulmonary health: Salton Sea region.

Would require the State Department of Public Health to conduct a study of the pulmonary health of communities in the Salton Sea region. The bill would also make related findings and declarations.

AB 1562 (Garcia): Southeast California Desert Valleys Economic Zone.

This bill would declare the intent of the Legislature to subsequently amend this measure to include provisions that would establish the Southeast California Desert Valleys Economic Zone to include Imperial Valley, Eastern Coachella Valley, and Palo Verde Valley. The bill would further express the intent of the Legislature that this regional economic zone be recognized by federal, state, and local governments, and be eligible to compete for funding and investments.

AB 1569: (Garcia): Salton Sea geothermal resource area: Lithium Valley Office of Development.

This bill would establish the Lithium Valley Office of Development within the Natural Resources Agency. The bill would require the office, in consultation with relevant state and local agencies, to coordinate activities related to funding, economic development, construction, manufacturing, technical development, and reclamation of lithium located in the Salton Sea geothermal resource area.

AB 1579: (Garcia) Vehicles: batteries.

This bill states the intent of the Legislature to enact legislation that would require, beginning in 2035, electric vehicles used for state purposes to be equipped with lithium-ion batteries that are sourced from operations with near-zero carbon footprints. The bill would make related findings and declarations.

AB 1593: (Garcia) California Workforce Development Board: Salton Sea geothermal resources area: Equitable Access Program.

Existing law establishes the California Workforce Development Board as the body responsible for assisting the Governor in the development, oversight, and continuous improvement of California's workforce investment system and the alignment of the education and workforce investment systems to the needs of the 21st century economy and workforce. Existing law requires the board to assist the Governor with specified tasks, including developing and continuously improving the statewide workforce investment system. This bill would establish the Equitable Access Program to be administered by the board to prioritize employment opportunities in construction, manufacturing, technical, maintenance, operations, or reclamation activities for local residents in the Salton Sea geothermal resources area. The bill would, among other things, require the board in administering the program, to provide technical assistance to, and establish a framework for, preapprenticeship, registered apprenticeship, and other training programs using the high road construction careers model or high road training partnerships model, and to monitor and track the rate residents of the Salton Sea geothermal resources area are hired on construction projects in the Salton Sea geothermal resources area that involve battery manufacturing and lithium-based technology. This bill contains other related provisions.

SB 471: (Padilla): Corporation Tax: hiring credit: lithium extraction: battery manufacturers. (I-2/13/2023)

The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws. This bill would allow a credit against those taxes to a qualified taxpayer for each taxable year beginning on or after January 1, 2023, in an amount equal to the qualified wages paid to a qualified full-time employee, as defined, hired prior to January 1, 2028. The bill would define “qualified taxpayer” for this purpose to mean a person or entity located in the County of Imperial or in specified parts of the County of Riverside, and that is primarily engaged in the business of lithium extraction or electric battery manufacturing. The bill would define “qualified wages” as those wages paid or incurred for work performed by a qualified full-time employee within the 36-month period beginning on the first day the employee commences employment with the qualified taxpayer. The bill would require that, if a credit is allowed to a qualified taxpayer, and the employment of the qualified employee is terminated within the first 36 months of employment, the tax imposed in the year of termination is increased by the amount of the credit received, except as provided. This bill contains other related provisions and other existing laws.