



TO: Salton Sea Authority Board of Directors  
FROM: Oracio Gonzalez, Ollin Strategies  
DATE: June 2024  
SUBJECT: California State Advocacy

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

On June 13, 2024, the legislature passed AB 107, the legislature's proposed state budget reflecting the joint legislative budget plan approved by the two houses' budget committees in late May. As adopted, AB 107 codified the governor's request to shift \$65.8 million in general fund dollars for the Salton Sea from his January 2024 proposal to the Greenhouse Gas Reduction Fund (GGRF). As noted in last month's report, the GGRF is a state account used to deposit proceeds collected under the state's Cap-and-Trade program, which sets a cap/limit on total GHG emissions that declines over time. Emitters, such as oil refineries and power plants, purchase, sell, and trade carbon allowances during quarterly auctions run by the California Air Resources Board, proceeds from which are deposited into the GGRF. Over the past three years, individual quarterly auctions have generated an average of \$1.1 billion in revenue, with annual amounts averaging \$4.2 billion.

AB 107 reflects only the legislature's budget and will not be signed by the Governor until he reaches a final agreement on the budget with both houses. One of the issues that remains outstanding is the prospect of a general obligation climate bond that the legislature is intent on placing before voters in November 2024. This item is of particular importance to the Authority, given last year's shift of \$119 million of Salton Sea restoration dollars from the general fund to a prospective climate bond. To date, the Governor's office has not proposed a climate bond reflecting these dollars and instead has left it to the legislature to develop a consensus climate bond proposal. At the moment, there is considerable disagreement between the Assembly and Senate as it relates to the Salton Sea. The Assembly, in large part thanks to Assemblymember Garcia's leadership, has made funding the Salton Sea a priority, with a minimum requested allocation of \$240 million. The Senate, however, has rejected that figure, wanting instead to invest a maximum of \$100 million. Senate negotiators have stated that the Salton Sea is not a priority for the Senate for purposes of the bond. Negotiations are ongoing.

The deadline for the legislature to pass legislation placing a bond on the November ballot is June 27, 2024. Given the constitutional requirement that bills be in print for 72 hours before they can be passed to the Governor, a final bond proposal will have to be in print no later than June 24, 2024 to meet this requirement.

## **Legislative**

Below is the status of measures the Authority has voted to support.

AB 2757 (Garcia): will establish the Southeast California Economic Region to align state and federal programs, services and funding to promote the economic expansion of the communities most affected by the development of the Lithium Valley and other clean energy projects. Further, the bill will require the Labor and Workforce Development Agency, the Governor's Office of Planning and Research, and Go-BIZ to develop a list of programs that will utilize the Southeast California Economic Region designation and boundaries in program and service delivery, planning activities, and making funding awards. AB 2610 (Garcia), would expand the state's authority on the take of species to, in addition to the Quantification Settlement Agreement, also include impacts attributed to implementation of the Salton Sea Management Program and any water conservation agreements negotiated between the Imperial Irrigation District and the US Bureau of Reclamation to implement the Lower Colorado Rivera Basin System Conservation and Efficiency Program for the year's 2024 to 2026, inclusive. At present, IID is negotiating an agreement to conserve 800,000 acre-feet of Colorado River water during 2024-2026.

Location: Senate Committee on Business, Professions and Economic Development.

AB 2922 (Garcia), would reauthorize the Capital Investment Incentive Program (CIIP) until January 1, 2035. The CIIP allows local governments to offer a partial property tax abatement for qualified manufacturing facilities for assessed property values in excess of \$150 million. The program, which is being used to help develop the Lithium Valley, expired in January 2024.

Location: Senate Committee on Local Government.

SB 1309 (Padilla): would direct the California Energy Commission (CEC), in consultation with other state agencies, including the Governor's Office of Business and Economic Development (Go-Biz) and the California Workforce Development Board, to establish a Lithium Battery Production Council to conduct an economic analysis on workforce development needs, infrastructure needs, sewage and wastewater treatment, and housing needs for lithium battery production.

Location: Held in "suspense" by Senate Appropriations Committee. Measure is dead for the year.

Other bills the Authority is tracking.

SB 974 (Grove), would change the amount of funding being deposited into the Salton Sea Lithium Fund, the fund created to receive 20% of revenues generated from the lithium production tax, to only 20% of the revenues collected from lithium recovered within Imperial County. Under current law, 20% of all revenues generated by the tax are to be deposited in the

Salton Sea Lithium Fund. The act would further require that 20% of the revenues generated from lithium recovered in Kern County be distributed to the communities most directly impacted by lithium extraction activities in the county.

Location: Assembly Revenue and Taxation Committee

*General Obligation Bonds*

AB 1567 (Garcia), will place a \$15.9 billion general obligation bond before voters in November 2024. Of this amount, \$400 million is proposed for the Salton Sea, consisting of \$119 million in “shifted” funds and \$281 million in new dollars for Salton Sea restoration. Of the new dollars, the bond would set aside \$30 million for the Salton Sea Authority. Separately, the bill would provide \$15 million for a Salton Sea conservancy.

Location: Senate Committee on Natural Resources and Senate Committee on Government and Finance

Hearing date: Not yet set.

SB 867(Allen), would place a \$15.5 billion general obligation bond before voters in November 2024. The measure includes \$100 million for Salton Sea restoration activities.

Location: Assembly Committee on Natural Resources

Hearing date: Not yet set.