

BOARD MEETING DATE: February 2, 2018

AGENDA NO. 22

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, January 12, 2018. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
Proposed Legislative Concept for Approval	APPROVE

RECOMMENDED ACTION:

Receive and file this report, and approve agenda items as specified in this letter.

Judith Mitchell, Chair
Legislative Committee

DJA:PFC:MJK:jns

Committee Members

Present: Mayor ProTem Judith Mitchell/Chair, Council Member Joe Buscaino/Vice Chair (videoconference), Dr. William A. Burke (videoconference), Dr. Clarke E. Parker, Sr. (videoconference), and Supervisor Janice Rutherford (videoconference).

Absent: Supervisor Shawn Nelson

Call to Order

Chair Mitchell called the meeting to order at 9:03 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues

SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. Mr. Gary Hoitsma of the Carmen Group, Mr. Kaleb Froehlich and Mr. Charles Brittingham of Cassidy & Associates and Mr. Mark Kadesh of Kadesh & Associates gave verbal updates as well.

Mr. Hoitsma reported that the U.S. EPA in October, announced that it would repeal the Obama-era Clean Power Plan that strictly regulated power plants. In December, the U.S. EPA announced that they would be taking public comment on what regulatory action the agency should pursue, in light of the repeal of the Clean Power Plan. Mr. Hoitsma stated that the comment period would be extended to April 26, 2018, and that three new public hearings would be held: Kansas City, Missouri in February; Gillette, Wyoming in March and San Francisco, California, on February 28. Mr. Hoitsma also stated that U.S. EPA reduced their workforce from over 15,000 employees a year ago, to 14,000. Through buyouts and attrition, the U.S. EPA plans to reduce staffing levels by 25 percent or more over the next four or five years. Mr. Hoitsma also stated that President Trump appointed a new Chief Financial Officer, Holly Greaves, to the U.S. EPA.

Mr. Hoitsma informed the Committee that the President's infrastructure proposal is expected to come out around January 30 or early February. There is still a lot of uncertainty regarding how this proposal would be funded, and how much actual federal funding would be involved. Initially, it was reported to be \$200 billion dollars in direct federal funding, but any compromise with Democrats is going to have to increase that number significantly.

Mr. Hoitsma also stated that he spoke with Senator James Inhofe of the Senate Environment and Public Works (EPW) Committee, who said that he had recently spoken to the President and with Congressman Bill Schuster of the House Transportation Committee. Congressman Schuster recently announced his retirement at the end of his congressional term, but hopes to devote a major part of this year to trying to get the President's infrastructure bill passed. Mr. Hoitsma stated that Senator Inhofe seemed optimistic about the proposal having significant funding and he expected there to be broad project eligibility for projects that have strong local and state support.

In response to an inquiry from Dr. Parker regarding a previous proposal that was discussed with Senator Inhofe's staff, Mr. Hoitsma stated that Senator Inhofe sees the previous proposal as one that can be funded by the infrastructure bill's broad eligibility approach, however, the bill is not expected to have earmarks for specific projects. Mr. Hoitsma reiterated that Senator Inhofe is still encouraged that the proposal previously discussed with his staff could still be funded under the infrastructure proposal. He also stated that Senator Inhofe would be happy to meet with SCAQMD. Mr. Hoitsma stated that after the President makes his announcement and puts out his infrastructure proposal, in February or March that it would be a good time to meet with Senator Inhofe.

Mr. Froehlich stated that Congressman Steve Womack, a Republican from Arkansas, will be the new U.S. House Budget Committee Chairman. This will be important as both chambers work to finalize the budget cap to allow an omnibus appropriations deal. Mr. Froehlich also stated that the government is currently

funded on a continuing budget resolution that will expire on January 19. Mr. Froehlich informed the Committee that it is unlikely that a budget cap deal will be reached by that date, so there will likely be a subsequent continuing resolution (CR) reached, lasting until possibly Presidents' Day weekend in the middle of February, at which point the hope would be for a longer term omnibus appropriations package to pass. Mr. Froehlich also noted that the Diesel Emission Reduction Act (DERA) reauthorization bill passed the Senate, thus, one of SCAQMD's objectives this year in the U.S. House is for it to also pass the DERA reauthorization bill. Mr. Froehlich stated that there are a number of South Coast delegation House representatives on relevant committees with regard to DERA, and that he would work with SCAQMD staff to reach out to those representatives on the DERA legislation.

Mr. Froehlich gave an update on Senator Murkowski's comprehensive energy legislation. He explained that Senator Murkowski has recently been in the press expressing her desire for early action on the comprehensive energy legislation; and that she is looking for action in either the first quarter or early in the second quarter of 2018. This is of particular note for the District, due to the Vehicle Innovation Act, which is included in the energy bill, and provides vehicle technology funding of \$250 million per year to the Department of Energy.

Mr. Charles Brittingham provided an update on infrastructure and transportation, stating that the Senate EPW Committee held a recent water resources hearing, but that the water bill contained a lot of regurgitated information.

Mr. Brittingham stated that early indications were that the Trump infrastructure plan would be released before the State of the Union address. However, Mr. Brittingham now believes that it will more likely come out during the week of the budget release, scheduled currently for the first Tuesday in February, in order to get additional media attention. Mr. Brittingham stated that there are things in the infrastructure plan of particular interest to the District, including the elimination of redundancy in U.S. EPA reviews for environmental impacts under Section 309 of the Clean Air Act, potential incentive programs for the U.S. Department of Transportation, the U.S. Army Corps of Engineers and the U.S. EPA, a transformative program, and rural infrastructure.

Mr. Brittingham stated that the Trump infrastructure plan would likely come in the form of a 60-70 page document of principles, not legislative language, but that the infrastructure plan would be sent to Congress, who would be responsible to put legislative language together for the plan. His personal opinion is that the infrastructure bill would likely not pass in 2018, because 2018 is an election year and early indications show that people are running on tax reform. However, there will be progress and movement on an infrastructure package, for at least water resources, and there may be action during the lame duck session at the end of 2018, but timing will be a challenge.

Mr. Kadesh reported that one of the major recent accomplishments of Congress was the tax bill passage in December 2017. He reported, that although there was concern over a possible elimination of the federal electric vehicle tax credit by the U.S. House, the U.S. Senate ultimately prevailed and the tax credit will remain in place. Mr. Kadesh reiterated that the government will run out of funding on January 20, as the continuing resolution extends only through January 19. Mr. Kadesh stated that another continuing resolution is expected. Mr. Kadesh also noted that one of the key issues involved with the budget is the Deferred Action for Childhood Arrivals (DACA) program, and seeing whether or not the issue gets resolved. Mr. Kadesh stated that the timeline for the continuing resolution is not yet certain, whether it will be a very short-term CR extension or instead extend into the end of February. Mr. Kadesh commented on the proposed compromise by Senator Dick Durbin and Senator Lindsey Graham that was sent to President Trump and rejected.

Mr. Kadesh reported that Senator Kamala Harris left the EPW Committee, and instead became a member of the Senate Judiciary Committee. There will no longer be a California member on the Senate EPW Committee; however, Mr. Kadesh stated that SCAQMD would continue to work hard through California senators on infrastructure and other EPW-related matters.

2. Update on State Legislative Issues

SCAQMD's state legislative consultants (California Advisors, LLC, and Joe A. Gonsalves & Son) provided written reports on various key issues in Sacramento. Mr. Jacob Moss of California Advisors, LLC, Mr. Paul Gonsalves of Joe A. Gonsalves & Son and Mr. David Quintana of The Quintana Cruz Company provided verbal reports at the meeting.

Mr. Gonsalves reported that the Legislature reconvened on Wednesday, January 3, with changes in the membership due to sexual harassment allegations. Additionally, Mr. Gonsalves stated that former Assemblymember Jimmy Gomez was elected to the 34th Congressional district, and his replacement, Assemblymember Wendy Carrillo, was sworn in on December 18. Mr. Gonsalves noted that the Assembly now has 52 Democrats, two short of the 54 needed for a supermajority, while the Senate has 26 Democrats, one short of the two-thirds supermajority. Mr. Gonsalves also commented on the recently released Governor's state budget, which included a proposed \$190 billion budget with a general fund surplus of over \$19 billion. In presenting the budget, the Governor urged caution despite the surplus revenue.

Mr. Gonsalves stated that the larger question is how the new federal tax laws will affect the California budget. The Legislature is already responding to one of the new provisions to address the \$10,000 deduction caps for state and local income and property taxes. Mr. Gonsalves stated that Senate President Pro Tem Kevin de León is working on legislation called the Protect California Taxpayers Act, which would allow Californians to itemize their deductions, and to pay their state income taxes as if they were fully deductible, charitable donations to the state. Mr. Gonsalves further

explained that the money would eventually end up in the state budget, but first it would go into a special fund run by the treasurer's office and the state would credit taxpayers for their payments.

Finally, Mr. Gonsalves reported on important upcoming deadlines in the Legislature. January 12 is the last day for policy committees to hear and report fiscal bills to fiscal committee. This deadline involves fiscal two-year bills that are remaining from last year. Additionally, January 19 is the last day to submit bill requests to the office of Legislative Counsel in order to have bills drafted. Mr. Gonsalves indicated that that date coincides with the February 16 deadline to introduce new bills for 2018.

In response to an inquiry from Dr. Parker, Mr. Moss stated that there are no details yet on whether there are new allocations for environmental expenditures that the SCAQMD could benefit from in the new budget proposed by the Governor. However, the Governor said that cap-and-trade auction proceeds have stabilized, and in the 2018-2019 auction year, there is about \$1.25 billion dollars available for appropriation. Mr. Moss stated that when the Governor gives his State of the State address, he will announce what his plans are for those funds.

A discussion ensued on cap-and-trade auction funds, how the funds are dispersed and allocated, and the continued goal of trying to direct a substantial portion of those funds toward reducing air pollution and toxic emissions.

Mr. Moss gave an update on upcoming special elections, and stated that the primary election date to fill former Assemblymembers Matt Dababneh's and Sebastian Ridley-Thomas' seats will be on April 3, with a potential runoff election to take place on June 5 if necessary. June 5 is also the date of Senator Josh Newman's recall election. Further, on March 21, Senator Toni Atkins will be sworn in as the new Senate President Pro Tem. Mr. Moss stated that there are rumors about whether Senator Atkins would change Senate policy committee chairmanships. Assembly committee chairmanships could also be changed.

In response to an inquiry from Dr. Parker, Mr. Moss stated that the Assembly Revenue and Taxation Committee has not historically had a big impact on negotiations over Greenhouse Gas Reduction Fund (GGRF) monies. A brief discussion ensued regarding the Revenue and Taxation Committee and the budget process relating to GGRF monies.

Mr. Quintana reported on the March 21 swearing-in date for Senator Atkins as Senate President Pro Tem, and future plans of the current President Pro Tem, Kevin de León, to run for the U.S. Senate against current U.S. Senator Diane Feinstein. Mr. Quintana also reported that the incoming Chairperson for the Assembly Revenue and Taxation Committee, taking Sebastian Ridley-Thomas' place, will be Assemblymember Autumn Burke.

ACTION ITEMS:

3. Proposed Legislative Concept for Approval

Mr. Philip Crabbe, Community Relations Manager, presented the Proposed Legislative Concept for Approval to the Committee.

Mr. Crabbe stated that currently, SCAQMD and other local air districts are required by state law to distribute mass paper mailings to allow for public notice of public hearings, rulemaking processes, and other functions. These efforts are costly, outdated and inefficient in reaching members of the public, and that the SCAQMD generally spends up to \$100,000 per year on postage for public notice requirements.

Staff recommends approval of sponsorship of a legislative proposal that would modernize these public notice requirements, to make them more efficient and cost-effective. The proposed bill would seek to change current burdensome and inefficient mass mailing requirements to allow for reasonable and modernized methods of disseminating public notices, including the use of electronic mail, social media, and internet postings and communications when possible. However, mailing paper notices would still be utilized if notification by electronic methods is not feasible. Overall, this proposal would both reduce costs and provide more efficient and effective methods of public notice that would allow for increased public awareness of clean air issues and increased public participation in the process of helping to achieve clean air and thereby protect public health.

Ms. Barbara Baird, Chief Deputy Counsel, clarified that the California Health and Safety Code that imposes specific mailed notice requirements for public workshops and public hearings only applies to the South Coast district; the statute that provides for notice for other air pollution control districts for their public hearings does not require mailed notices, so this proposal is consistent with what the Legislature has required in other districts.

In response to an inquiry from Dr. Parker regarding the California Government Code and whether mailed notices are required by the District, Ms. Baird stated that she would have to look into the issue, but that as a general rule, the more specific code (the CA Health and Safety Code) would apply to and govern local air districts.

Staff recommended a position of APPROVE on this item

Moved by Rutherford; seconded by Buscaino; unanimously approved

Ayes: Burke, Buscaino, Mitchell, Parker, Rutherford

Noes: None

Abstain: None

Absent: Nelson

WRITTEN REPORT:

4. Report from SCAQMD Home Rule Advisory Group

Please refer to Attachment 5 for the written report.

OTHER MATTERS:

5. Other Business

There was no other business.

6. Public Comment Period

There were no public comments.

7. Next Meeting Date

The next regular Legislative Committee meeting is scheduled for Friday, February 9, 2018 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:49 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Proposed Legislative Concept for Approval
5. SCAQMD Home Rule Advisory Group Report – Written Report

ATTACHMENT 1

**SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT
LEGISLATIVE COMMITTEE
ATTENDANCE RECORD – January 12, 2018**

Dr. William A. Burke (Videoconference).....	SCAQMD Board Member
Council Member Joe Buscaino (Videoconference)	SCAQMD Board Member
Mayor Pro Tem Judith Mitchell	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (Videoconference).....	SCAQMD Board Member
Supervisor Janice Rutherford (Videoconference)	SCAQMD Board Member
Mark Abramowitz.....	Board Consultant (Lyou)
David Czamanske	Board Consultant (Cacciotti)
Andy Silva	(Board Consultant (Rutherford))
Gary Hoitsma (teleconference)	The Carmen Group
Kaleb Froehlich (teleconference).....	Cassidy & Associates
Ryan Mulvenon (teleconference).....	Cassidy & Associates
Mark Kadesh (teleconference).....	Kadesh & Associates
Paul Gonsalves (teleconference).....	Joe A. Gonsalves & Son
Jacob Moss (teleconference).....	California Advisors, LLC
David Quintana (teleconference)	The Quintana Cruz Company
Tom Gross	Southern California Edison
Priscilla Hamilton	SoCalGas
Bill LaMarr	California Small Business Alliance
Rita Loof	RadTech
Erick Martell	Port of Los Angeles
David Rothbart.....	Los Angeles County Sanitation Districts
Susan Stark.....	Andeavor (formerly Tesoro)
Derrick Alatorre	SCAQMD Staff
Leeor Alpern	SCAQMD Staff
Debra Ashby	SCAQMD Staff
Barbara Baird.....	SCAQMD Staff
Kevin Cao	SCAQMD Staff
Patrick Chandler.....	SCAQMD Staff
Philip Crabbe	SCAQMD Staff
Tina Cox	SCAQMD Staff
Philip Fine.....	SCAQMD Staff
Mark Henninger	SCAQMD Staff
Monika Kim	SCAQMD Staff
Megan Lorenz	SCAQMD Staff
Matt Miyasato	SCAQMD Staff
Ron Moskowitz.....	SCAQMD Staff
Wayne Nastri	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Mary Reichert	SCAQMD Staff
Jeanette Short.....	SCAQMD Staff
Lisa Tanaka O'Malley	SCAQMD Staff
Laki Tisopulos	SCAQMD Staff
Todd Warden	SCAQMD Staff
Jill Whynot.....	SCAQMD Staff



ATTACHMENT 2

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: January 4, 2018

Re: Federal Update -- Executive Branch

EPA Working with States on Ozone and Sulfur Dioxide Compliance Designations:

The Environmental Protection Agency announced in December it was taking the next steps in the Clean Air Act process to determine which areas of the country meet national air quality standards for ground-level ozone and sulfur dioxide. In November, the Agency designated the vast majority of U.S. counties as meeting the 2015 ozone standards, while noting it was responding to state recommendations for ozone designations for the remaining areas and providing additional opportunities for state, tribal, and public input on those areas' designations. In December, in accordance with the Clean Air Act, the EPA sent letters to states to start a 120-day period for states and tribes to provide more information with regard to their suggested designations of certain areas where further analysis and dialogue may be needed. While not required to seek public comment during the 120-day period, EPA will also be opening a 30-day comment period for the public to provide input on these designations before they are finalized.

The Agency is also finalizing designations for certain areas for the 2010 sulfur dioxide standards. This action on sulfur dioxide represents the third of four rounds of final designations. These designations reflect progress for sulfur dioxide, as only six areas have been designated "nonattainment" with the 2010 standard. Only 50 areas remain to be designated for sulfur dioxide in the fourth and final round. For these areas, EPA is supporting the decision by states to install and operate new monitors, so they can gather three full calendar years of data to inform a designation by the end of 2020.

EPA Solicits Public Comment on Next Steps After Clean Power Plan Repeal:

The Environmental Protection Agency (EPA) issued an Advance Notice of Proposed Rulemaking (ANPRM) in December to announce that the Agency will solicit public input as it considers the next regulatory steps to limit greenhouse gas (GHG) emissions from existing electric utility generating units (EGUs), also known, they say, as power plants. The ANPRM is a separate, but related, action to the October 16, 2017 proposal to repeal the so-called "Clean Power Plan." In that proposal, EPA proposed to determine that the Obama-era regulation exceeds the Agency's statutory authority. The ANPRM offers the public the opportunity to comment on specific topics for the Agency to consider in developing any subsequent proposed rule. EPA is specifically soliciting information on systems of emission reduction that are applicable to or at an EGU facility, information on compliance measures, and information on state-planning requirements under Clean Air Act section 111(d).

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Infrastructure Poses Test for Bipartisanship

In December, the Trump Administration counted a major victory with the passage of its tax reform plan secured on a strictly party-line vote in both houses, where not a single Democrat in either House voted in favor. Now one of the Administration's major legislative priorities for 2018 is Infrastructure. And passage will require at least nine Democratic votes in the Senate since the reconciliation process allowing a simple majority vote will not be available. This means the issue will be a real test for whether the parties can come together on something significant that they both say they want. The devil of course will be in the details, and in the deal-making and election-year political calculations that are expected to go into the process. The current outlook, logistically, for Infrastructure appears to be that the Administration will release its outline plan (wish list) in the form of a 70-ish-page blueprint that will be designed to jump-start discussions. This is expected to happen just prior to, or just after, the January 30 State of Union Address in which the President is going to make a major push for the outlines of what he wants. After that, there will no doubt be weeks and likely months of back-and-forth including hearings on Capitol Hill, sorting out various details and coming together on a specific legislative package where there will be ample opportunity for input from all sides. Expect a push for final passage optimistically by August, but this will likely slip till later in the year. And if the bill includes anything deemed to be especially politically painful – such as a tax hike to help for it (which is still on the table) -- then the timing probably slips to the lame-duck post-election session in November and December.

Finding the money to pay for the Infrastructure bill remains at the nub all the current discussions. Trump has set out the marker of making this a \$1 trillion investment over ten years, sparked by \$200 billion in direct federal spending, perhaps paid for through cuts in other programs. Adding public private partnerships, loans and other innovative credit assistance and financing options, the hope is to leverage the balance up to the trillion dollar number. Democrats are sure to insist on significantly more direct federal dollars. All of which sets the stage for the kind of heavy lifting negotiations that are expected to surround the real Infrastructure debate for the better part of the coming year.

Two EPA Nominees Confirmed by the Senate:

In December, the Senate confirmed **Matt Leopold** to serve as General Counsel for the EPA and **David Ross** to serve as the Assistant Administrator for the Office of Water at the EPA.

DOE Subcabinet Appointment of Note:

The President has nominated Anne M. White of Michigan to be Assistant Secretary of Energy for Environmental Management. She has over 25 years of experience across of range of activities especially within the nuclear energy field.

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CASSIDY&ASSOCIATES

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: January 3, 2018

Re: Federal Update – U.S. House of Representatives

Issues of Interest to SCAQMD

General Update:

The House of Representatives does not return into session until January 8th, unlike the Senate which returned to DC on January 3. With tax reform complete, the most pressing matter is the need to pass the disaster aid funding as well as the omnibus appropriations bill. The current Continuing Resolution (CR) will expire on 1/19, so both the House and Senate must act before then with either a long term agreement or another short term CR to avoid a government shutdown.

House Speaker Ryan has made a number of statements that he would like to pursue a very aggressive agenda in the House for 2018 including controversial matters like entitlement reform as well as deficit reduction legislation and a balanced budget amendment, which will be non-starters with most Democrats in the Senate.

Tax Reform Update:

The House passed the tax bill 224-201 on Dec. 20, with 12 Republicans opposed and no Democrats supporting the bill. The Senate voted 51-48, strictly along party lines. President Trump signed the bill on Dec. 22, marking the most significant overhaul of the US tax code in 30 years.

The \$1.5 trillion tax bill will have broad effects on the economy, making deep and lasting cuts to corporate taxes as well as temporarily lowering individual taxes. The final bill keeps intact existing tax credits for renewable energy -- credits that were agreed to in a 2015 budget deal that calls for the credits to be phased out over time. Throughout the conferencing and negotiating of the tax package, House and Senate negotiators agreed to retain the electric-vehicle tax credit in the final tax bill. The electric vehicle \$7,500 tax incentive has been extended over five years, with a total impact of \$4.4 billion.

The electric vehicle \$7,500 tax incentive has been extended over five years, with a total impact of \$4.4 billion. The credit has helped sell about 700,000 electric vehicles such as the Tesla, Chevrolet Bolt and Nissan Leaf in the U.S. since 2010, according to the Electric Drive Transportation Association.

Although we never expected to see a carbon tax in the current tax debate, the fight is likely to pick up next year. Private industry, think tanks, and political leaders are joining the choir of voices asking to consider a carbon tax.

The Center on Global Energy Policy, a think tank at Columbia University, is launching a series of reports and events focused on how to design a carbon tax and what implications could come from one. Separately, the Climate Leadership Council, a coalition of oil and gas executives and conservative political leaders from prior Republican administrations, is working to build support among congressional Republicans and others for a carbon tax where the revenue goes back to consumers in the form of monthly dividend checks. Meanwhile, Exelon Corporation is pushing a proposal to create a new tax credit that would cost nearly \$5 billion over the next four years

Budget Update

After the Fiscal Year 2018 spending bills are finished, the House and Senate Budget Committees will be expected to consider a Fiscal Year 2019 budget resolution which will set the conditions for the next round of appropriation bills as well as new reconciliation instructions. At this point, the White House is still expected to meet the deadline for submitting their next budget request to Congress in early February.

The House Budget Committee will be under new leadership in 2018 since its current Chairman (Diane Black; Tennessee) announced she will be stepping down from her position in order to focus on her race to be the next Governor of Tennessee. The Republican Steering Committee will select the next Chairman and Tom McClintock (California's 4th Congressional District) has floated his name as a contender for the slot. The Senate Budget Committee will still be chaired by Senator Enzi (R-Wyoming).

Appropriations Update:

House Speaker Ryan, Senate Majority Leader McConnell, House Minority Leader Pelosi, and Senate Minority Leader Schumer meet with officials from the White House to try and reach a framework on a budget deal that will allow the Appropriations Committee to negotiate an omnibus package of appropriations bills for 2018. After the meeting ended, joint statements (included below) were released which framed the meeting in a positive manner, but significant work and negotiations remain. Absent a budget deal framework that will allow for omnibus package to be negotiated, we expect Congress to enact another short-term continuing resolution (expiring on/around President's Day; February 19)

Joint Statement from the White House, the Senate Majority Leader's Office, and the House Speaker's Office

Today the Republicans and Democrats in Congress shared their priorities for a bipartisan spending agreement. The American people deserve a government that funds our great military, protects our borders, and leads to a more prosperous future for all. It is important that we achieve a two-year agreement that funds our troops and provides for our national security and other critical functions of the Federal government. It also remains important that members of Congress do not hold funding for our troops hostage for immigration policy. We've been clear about these budget priorities from the beginning and hope that further discussions will lead to an agreement soon.

Schumer, Pelosi Joint Statement on Meeting of Congressional Leaders and Administration Officials

Washington, D.C. – Senate Democratic Leader Chuck Schumer and House Democratic Leader Nancy Pelosi released the following statement after meeting with Bicameral Republican Leadership and Administration officials:

“We had a positive and productive meeting and all parties have agreed to continue discussing a path forward to quickly resolve all of the issues ahead of us.”

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Comprehensive Energy Bill Update:

Chairman Lisa Murkowski (R-AK) is now looking to advance the bipartisan energy package, S. 1460, that largely mirrors the bill that passed the Senate last Congress. The legislation has been pending on the Senate floor for months, but can be brought up at anytime by Majority Leader Mitch McConnell.

Senator Murkowski has indicated recently that she would push for the legislation to come forward in late January or February as it remains a broadly supported piece of legislation.

Of particular interest for South Coast is the Vehicle Innovation Act that is included in the bill which would provide for over \$250 million in annual authorizations for the Department of Energy to use on vehicle technology.

Previously, South Coast submitted a letter of support for the previous version of this legislation in the last Congress. We would suggest that South Coast once again offer their support for the bill through a letter as it is very much appreciated by the staff as they move to build support and consensus on the bill.

Energy and Commerce Committee Update:

The Energy & Commerce Committee held a hearing on December 12 about CAFE and GHG standards for vehicles. Discussion of how these programs affect NAAQS was minimal.

The Energy & Commerce Committee approved several bills affecting air quality at a markup on December 4. These included:

- HR 350, Recognizing the Protection of Motorsports Act of 2017, which would clarify that anti-tampering provisions for motor vehicles do not apply to competition vehicles. This would be most relevant for NO_x.
- H.R. 453, Relief from New Source Performance Standards Act of 2017, would extend the deadlines for NSPS for new residential wood heaters. This is mostly relevant for PM, VOCs, CO, benzene and other toxics.
- H.R. 1119, the Satisfying Energy Needs and Saving the Environment (SENSE) Act, which would provide alternative compliance options with CSAPR and MATS for coal refuse-to-energy plants. This is most relevant for SO_x, mercury and air toxics.
- H.R. 1917, the Blocking Regulatory Interference from Closing Kilns (BRICK) Act of 2017, which would extend NESHAPS deadlines for brick, structural clay products and clay ceramics manufacturing until judicial review of the rules is completed. This is especially relevant for VOCs and PM.

Relevant Legislation Introduced:

H.R. 4730: Clean Air Contingency Measures Act of 2018

Introduced

Reps. McSally, Schweikert, Biggs, Gosar, and Issa

Summary: To amend the Clean Air Act with respect to nonattainment plan provisions, and for other purposes. Section 172(c)(9) of the Clean Air Act (42 U.S.C. 7502(c)(9)) is amended by adding at the end the following: “Nothing in this Act precludes, with respect to any plan or plan provision, the inclusion and approval of contingency measures that are or may be implemented or take effect prior to the area involved failing to make reasonable further progress or to attain any national primary ambient air quality standard by the applicable attainment date.”

SCAQMD

January 2018 Legislative Committee Board Meeting Report covering December 2017

Kadesh & Associates

The House and Senate were each in session until December 20, 2017. The primary focus was H.R. 1 – The Tax Cuts and Jobs Act of 2017. The bill passed the Congress and was signed into law on 12-22-17 as Public Law No: 115-97. While there were 29 roll call votes between the two chambers on H.R. 1, the final votes were 224 to 201 in the House and 51 to 48 in the Senate.

The new tax law (PL-115-97) sets the corporate tax rate at 21 percent, a top individual rate at 37 percent, and a 20 percent deduction for pass-through businesses, with some limitations. It also imposes new limits on deductions that are popular in states with high taxes and home values. According to a Joint Committee on Taxation analysis (JCX-69-17) released Dec. 22, the law will cost \$1.07 trillion over 10 years after accounting for economic growth. The JCT estimated that the law would cost \$1.46 trillion over the same period in a conventional estimate that didn't account for growth.

President Trump's signature on the bill—which passed without any Democratic votes—was the culmination of a nearly two-month legislative sprint that began with the release of a tax reform bill by the House in early November. Talk on Capitol Hill is already turning to preparing for the inevitable corrections the measure will require.

Congress cleared the way for Trump's signature by passing a short-term spending bill Dec. 21 that includes suspending the so-called PAYGO rules that would require automatic spending cuts tied to the tax reductions. The spending bill keeps the government open until Jan. 19.

The tax law is projected to decrease federal revenue by almost \$1.5 trillion over the next decade—though its individual tax cuts will expire in 2026 to avoid adding to the deficit outside that window. President Trump and GOP leaders have said they expect the business tax cuts to spur enough economic growth to make up for the revenue loss—an assertion many economists have questioned.

GOP leaders say a “typical family of four” earning \$73,000—the median family income in the U.S.—would see a tax cut of more than \$2,000 under the law. But the law also cuts the top marginal tax rate on households earning more than \$600,000 a year, and provides a new tax break for owners of partnerships, limited liability companies, and other pass-through entities.

Senate Majority Leader Mitch McConnell (R-Ky.) said Dec. 22 that he expects a “potpourri” of tax-related legislation come January. Congress will “pass what we need to pass,” McConnell told reporters at a news conference.

The Electric Vehicle Tax Credit was threatened with elimination in earlier versions of the House tax bill. The Senate bill retained the EV Tax Credit. The final bill acceded to the Senate position and retained the credit.

Other Legislation of Interest:

The Senate passed S.1447, Sen. Carper's DERA reauthorization bill, by Unanimous Consent on 12-21-17. The bill has now been sent to the House. The House may decide to simply take up the Senate bill and pass it, or it may choose to pass Rep. Poe's corollary bill, H.R.3107, or take no action and the bill dies at the end of this, the Second Session of the 115th Congress. The existence (or not) of a current authorization does not affect the Constitutional ability of the Appropriations Committee to appropriate funds for the program, but it does help to broaden the base of support for a program that had, unfairly, been seen as a "California" program.

Continuing Resolution vs an Omnibus Appropriations bill:

The federal government is operating under another stopgap spending measure known as a Continuing Resolution (CR) which will expire on January 19. Legislative provisions of concern to SCAQMD such as language regarding the Glider rule by EPA will only go into effect if Congress passes an Omnibus or other "regular order" appropriations.

Infrastructure:

With a tax bill passed the Congress and Administration are turning their attention to an Infrastructure bill. We have been working with staff to provide Congressional supporters with a viable list of items that could be included in an infrastructure bill which would benefit clean air. Any infrastructure bill will have to be configured and passed with bipartisan support, especially in the Senate. The tax bill could pass with a narrow margin of 51 votes because it was considered under special tax and spending rules called Reconciliation, which require only a simple majority for passage. Other legislation will require 60 votes, necessitating bipartisan cooperation in a chamber divided 51-49.

Before and/or while Congress and the Administration are trying to get to infrastructure, they must deal with the following issues early in 2018:

LEGISLATIVE DEADLINES -- CONGRESSIONAL ACTIVITY

<u>Date</u>	<u>What to watch</u>
Jan. 1, 2018	Medical device tax, health insurer fee reinstated
Jan. 3	Senate convenes for second session of the 115th Congress
Jan. 8	House convenes for second session of 115th Congress
Jan. 19	Continuing resolution expires, including FISA authority and flood insurance
Jan. 30	State of the Union address
Feb. 5	Statutory deadline for president's fiscal 2019 budget request
March 5	Renewals for current DACA recipients end
March 31	FAA authorization, CHIP funding expires

Late March/early April	Extraordinary measures could run out if debt limit isn't addressed*
July 30-Sept. 3	House summer recess
Aug. 4-Sept. 3	Senate summer recess
Sept. 30	Expiration of farm bill, VAWA domestic violence programs, and emergency health preparedness authorities
Oct. 1	Fiscal 2019 begins
Oct. 15-Nov. 12	House election recess
Oct. 27-Nov. 12	Senate election recess
Nov. 6 Election Day	
Nov. 13	First day of congressional lame-duck session
Dec. 13	Scheduled House adjournment
Dec. 14	Scheduled Senate adjournment

*Though the debt limit was restored after Dec. 8, the Treasury Department can use extraordinary measures to finance operations. The Congressional Budget Office said Nov. 30 the department "will most likely run out of cash by late March or early April 2018."
Notes: DACA – Deferred Action for Childhood Arrivals; FAA – Federal Aviation Administration; VAWA – Violence Against Women Act

Looking ahead ...

Congressional leaders pursuing a deal to lift budget limits on defense and domestic spending face a Jan. 19 deadline that may force them to seek yet another a stopgap funding measure to avert an election-year government shutdown.

Discretionary Spending

The negotiators are trying to reach a spending deal that would increase the \$1.2 trillion federal discretionary budget by about \$100 billion for FY18 and a comparable amount next year. Republicans want to increase defense spending -- which accounts for almost half of the discretionary budget -- by \$54 billion this year and non-defense programs by \$37 billion. Democrats want equal increases in both. Congress was unable to address the budget caps or a host of other issues before the end of 2017 and punted by passing two temporary spending measures. The last of those runs out Jan. 19. Even if the leaders reach a deal to lift the spending limits in early 2018, they likely won't have enough time to write all the spending items to carry the government through the rest of the fiscal year. Working out the numbers for a detailed spending plan would take about a month once the overall budget amount is agreed to, and there are also policy issues related to funding, including an immigration deal that can be affected by how federal money is allocated.

Infrastructure, Aviation Drive 2018 Transport Agenda (Source: BGOV)

During his campaign, President Donald Trump pledged that a plan to invest \$1 trillion to rebuild the nation's crumbling roads, bridges, and airports would be a centerpiece of his first 100 days in office. Officials are now promising to release an infrastructure principles document to guide congressional action in January.

Any bill must have solid bipartisan support in both the House and Senate, House Transportation and Infrastructure Committee Chairman Bill Shuster (R-Pa.) told Bloomberg Government in December. Shuster met with Trump, Transportation Secretary Elaine Chao, and other administration officials in mid-December to discuss priorities for infrastructure legislation.

"My main message to the president, my main message is, if we are going to do an infrastructure bill, it No. 1 has to be bipartisan," Shuster said. The Pennsylvania lawmaker plans to devote his final year in Congress to passing a bipartisan infrastructure measure. He announced in a statement today that he will retire at the end of 2018.

Shuster said he would like to see a bill that could get 75 to 80 votes in the Senate and that the House could pass even if 30 to 40 Republicans defect, he said during a December interview. Shuster's retirement gives some transportation advocates greater hope for bipartisan legislation since he will be freed from campaigning and may be thinking about his legacy.

The president also called on Democrats and Republicans to work together on infrastructure in 2018 when he signed his first significant legislative accomplishment, the tax overhaul law (Public Law No. 115-97). "At some point, and for the good of the country, I predict we will start working with the Democrats in a Bipartisan fashion. Infrastructure would be a perfect place to start," Trump tweeted on Dec. 22.

Trump's outline from his fiscal 2018 budget called for \$200 billion in federal funds and aimed to leverage \$800 billion from state, local, and private sources. To get Democrats on board, Shuster anticipates boosting the Highway Trust Fund, while also making sure the final package can attract Republicans worried about spending.

Shuster said there should be support for a gas tax increase, calling it a user fee consistent with conservative principles. "If you use the system, you should help pay for the system," he said.

The fund — which relies on motor fuels taxes and other user fees — faces a shortfall beginning in 2020. The fund's trajectory would result in a 40 percent cut in federal highway funding in 2021 and zeroed-out federal transit funding from 2021 to 2023, the American Association of State Highway and Transportation Officials estimates.

The committee's ranking Democrat, Rep. Peter DeFazio (Ore.), is on board for a proposal to bolster the fund by increasing the gasoline tax. "Short-term, there are there are no other options," DeFazio said in an interview.

The gas tax is "very regressive," but everything should be on the table, Rep. Sam Graves (R-Mo.), who is in the running to succeed Shuster as chairman, said. The federal excise tax of 18.4 cents per gallon for gasoline and 24.4 cents per gallon of diesel hasn't been increased since 1993. Shuster's counterpart, Senate Commerce, Science, and Transportation Committee Chairman John Thune (R-S.D.), said in a December interview with Bloomberg Government he doesn't see a political consensus on highway fund taxes. "I don't think there's political support for gas tax," Thune said.

Activities summary:

- In conjunction with SCAQMD staff (and in response to Senate EPW staff feedback), we are developing a list of infrastructure-related projects and technologies which can achieve SCAQMD goals and also work within legislative/executive authorizing/appropriating formats and programs.
- Continued to monitor the EPA "Glider" regulatory issue as it relates to the DERA Program and diesel truck retrofit. The Senate Interior Appropriations "Chairman's mark" legislation included language related to the Glider issue.
- Identify and seek out cosponsors for H.R. 3682, the Blue Whales and Blue Skies Act by Rep. Alan Lowenthal (D-CA) and H.R. 3107, the Diesel Emissions Reduction Act of 2017 by Rep. Ted Poe (R-TX).
- Continued to monitor and pass on relevant legislation of interest to SCAQMD.
- Participated in regular conference call with subsequent follow up assignments.
- Answered specific questions from SCAQMD staff.
- Kept staff updated as to legislative changes, committee assignments and confirmations.
- Monitored and shared updates on Administration regarding budget, appropriations, Interior, EPA, transportation, and environmental policies and personnel.

Of Note ...

In 2018 lawmakers will balance legislative efforts with Nov. 6 midterm elections: The House is scheduled to be in session for 27 weeks before Election Day and the Senate is slated to meet for 33 weeks before Nov. 6

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ADDENDUM -- Key changes to U.S. tax law for individuals and businesses from PL-115-97.

Individual Tax Rates

(Note: Individual rate cuts would begin in 2018 and expire after 2025.)

Current law: Seven rates, starting at 10 percent and reaching 39.6 percent for incomes above \$418,401 for singles and \$470,701 for married, joint filers.

Proposed: Seven rates, starting at 10 percent and reaching 37 percent for incomes above \$500,000 for singles and \$600,000 for married, joint filers.

For joint filers:

- 10 percent: \$0 to \$19,050
- 12 percent: \$19,050 to \$77,400
- 22 percent: \$77,400 to \$165,000
- 24 percent: \$165,000 to \$315,000
- 32 percent: \$315,000 to \$400,000
- 35 percent: \$400,000 to \$600,000
- 37 percent: \$600,000 and above

For single filers:

- 10 percent: \$0 to \$9,525
- 12 percent: \$9,525 to \$38,700
- 22 percent: \$38,700 to \$82,500
- 24 percent: \$82,500 to \$157,500
- 32 percent: \$157,500 to \$200,000
- 35 percent: \$200,000 to \$500,000
- 37 percent: \$500,000 and above

Corporate Tax Rate

Current law: 35 percent

Proposed: 21 percent, beginning in 2018.

Corporate Alternative Minimum Tax

Current law: Applies a 20 percent rate as part of a parallel tax system that limits tax benefits to prevent large-scale tax avoidance. Companies must calculate their ordinary tax and AMT tax, and pay whichever is higher.

Proposed: Repealed.

Individual Alternative Minimum Tax

Current law: Individual AMT can apply after exemption level of \$54,300 for singles and \$84,500 for married, joint filers, and the exemptions phase out at higher incomes.

Proposed: Increase the exemption to \$70,300 for singles and \$109,400 for joint filers. Increase the phase-out threshold to \$500,000 for singles and \$1 million for joint filers. The higher limits would expire on Jan. 1, 2026.

Expensing Equipment

Current law: Businesses must take depreciation, spreading the recognition of their equipment costs for tax purposes over several years.

Proposed: Businesses could fully and immediately deduct the cost of certain equipment purchased after Sept. 27, 2017 and before Jan. 1, 2023. After that, the percentage of cost that could be immediately deducted would gradually phase down.

Repatriation

Current law: The U.S. taxes multinationals on their global earnings at the corporate rate of 35 percent, but allows them to defer taxes on those foreign earnings until they bring them back to the U.S., or “repatriate” them.

Proposed: U.S. companies’ overseas income held as cash would be subject to a 15.5 percent rate, while non-cash holdings would face an 8 percent rate. Companies can make the payments in eight annual installments.

Pass-Through Deduction

Current law: Pass-through businesses, which include partnerships, limited liability companies, S corporations and sole proprietorships, pass their income to their owners, who pay tax at their individual rates.

Proposed: Owners could apply a 20 percent deduction to their business income, subject to limits that would begin at \$315,000 for married couples (or half that for single taxpayers).

Obamacare Individual Mandate

Current law: An individual who fails to buy health insurance must pay penalties of \$695 (higher for families) or 2.5 percent of their household income -- whichever is higher, but capped at the national average cost of the most basic, low-premium, high-deductible plan.

Proposed: Repeal the penalties.

Standard Deduction and Personal Exemptions

Current law: \$6,350 standard deduction for single taxpayers and \$12,700 for married couples, filing jointly. Personal exemptions of \$4,050 allowed for each family member.

Proposed: \$12,000 standard deduction for single taxpayers and \$24,000 for married couples, filing jointly. Personal exemptions repealed.

Individual State and Local Tax Deductions

Current law: Individuals can deduct the state and local taxes they pay, but the value is subject to certain limits for high earners.

Proposed: Individuals can deduct no more than \$10,000 worth of the deductions, which could include a combination of property taxes and either sales or income taxes.

Mortgage Interest Deduction

Current law: Deductible mortgage interest is capped at loans of \$1 million.

Proposed: Deductible mortgage interest for new purchases of first or second homes would be capped at loans of \$750,000 starting on Jan. 1, 2018.

Medical Expense Deduction

Current law: Qualified medical expenses that exceed 10 percent of the taxpayer's adjusted gross income are deductible.

Proposed: Reduce the threshold to 7.5 percent of AGI for 2017 and 2018.

Child Tax Credit

Current law: A \$1,000 credit for each child under 17. The credit begins phasing out for couples earning more than \$110,000. The credit is at least partially refundable to qualified taxpayers who earned more than \$3,000.

Proposed: Double the credit to \$2,000 and provide it for each child under 17 through 2025. Raise the phase-out amount to \$400,000, and cap the refundable portion at \$1,400 in 2018.

Estate Tax

Current law: Applies a 40 percent levy on estates worth more than \$5.49 million for individuals and \$10.98 million for couples.

Proposed: Double the thresholds so the levy applies to fewer estates. The higher thresholds would sunset in 2026.



ATTACHMENT 3

CALIFORNIA ADVISORS, LLC

SCAQMD Report
California Advisors, LLC
January 12, 2018 Legislative Committee Hearing

General Update

Senator Toni Atkins from San Diego was elected to serve as the next Senate Pro Tem. It remains unclear whether or not she will immediately reorganize the chairmanships within the Senate or will maintain continuity for the second year of this session. The Senate has seen both complete turnover and continuity in the past. It is also unclear when she will officially take over as President. It is likely that she will become leader sometime toward the end of the first quarter of 2018.

Pending 2-year Bills

Many authors have not yet determined which bills they will be moving this year.



Joe A. Gonsalves & Son

Anthony D. Gonsalves

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Paul A. Gonsalves

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Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – December 2017

DATE: Tuesday, January 2, 2018

As you know, the state Legislature adjourned on Friday, September 15, 2017 and will reconvene on Wednesday, January 3, 2018.

There are more than 1,600 2-year bills that remain from the 2017 legislative session, which are eligible to be heard in January when state legislators return. Currently, the Legislature, like many other industries, is focused on sexual harassment allegations. These allegations have led to the resignation of Assemblymembers Raul Bocanegra and Matt Dababneh, along with the stripping of Senator Tony Mendoza's leadership positions while an external investigation of the allegations against him is being conducted. Additionally, Assemblymember Sebastian Ridley-Thomas has resigned from his position citing ongoing health concerns.

Meanwhile, Assemblymember Jimmy Gomez was elected to the 34th Congressional District and his replacement, Assemblymember Wendy Carrillo, was sworn in on December 18th. The Assembly now has 52 democrats, 2 short of the 54 needed for a supermajority.

The following will provide you with the upcoming Legislative Deadlines:

2018 LEGISLATIVE DEADLINES

Jan. 1 Statutes take effect.

Jan. 3 Legislature reconvenes.

Jan. 10 Budget must be submitted by Governor.

Jan. 12 Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house in the odd-numbered year.

Jan. 19 Last day for any committee to hear and report to the **Floor** bills introduced in that house in the odd-numbered year. Last day to submit **bill requests** to the Office of Legislative Counsel.

Jan. 31 Last day for each house to pass **bills** introduced in that house in the odd-numbered year.

Feb. 16 Last day for bills to be **introduced**.

Mar. 22 Spring Recess begins upon adjournment.

Apr. 2 Legislature reconvenes from Spring Recess.

Apr. 27 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house.

May 11 Last day for **policy committees** to hear and report to the Floor **nonfiscal** bills introduced in their house.

May 18 Last day for **policy committees** to meet prior to June 4.

May 25 Last day for **fiscal committees** to hear and report to the **Floor** bills introduced in their house. Last day for **fiscal committees** to meet prior to June 4.

May 29-June 1 Floor session only. No committee may meet for any purpose except for Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.

June 1 Last day for each house to pass bills introduced in that house.

June 4 Committee meetings may resume.

June 15 Budget Bill must be passed by midnight.

June 28 Last day for a legislative measure to qualify for the Nov. 6 General Election ballot.

June 29 Last day for **policy committees** to hear and report **fiscal bills** to fiscal committees.

July 6 Last day for **policy committees** to meet and report bills. **Summer Recess** begins on adjournment, provided Budget Bill has been passed.

Aug. 6 Legislature reconvenes from Summer Recess.

Aug. 17 Last day for **fiscal committees** to meet and report bills.

Aug. 20-31 Floor session only. No committee may meet for any purpose except Rules Committee.

Aug. 24 Last day to **amend** on Floor.

Aug. 31 Last day for each house to pass bills. **Final Recess** begins on adjournment.

ATTACHMENT 4

SCAQMD Draft Legislative Proposal to Modernize and Streamline SCAQMD's Public Notice Requirements

Problem: SCAQMD and other local air districts are required by state law to send out mass paper mailings to allow for public notice of public hearings, rulemaking processes, and other functions. However, these efforts are costly, outdated and inefficient in reaching members of the public.

Summary: This bill proposal would seek to modernize and streamline outdated and costly public notice requirements involved with SCAQMD public hearings, rulemaking processes, and other functions so they are more efficient and cost-effective.

Specifically, this bill would seek to change current burdensome and inefficient mass mailing requirements to allow for reasonable, modernized and cost-effective methods of notice to the public, including the use of electronic mail, social media and internet postings and communications when possible and practicable. This bill would provide a better approach to current requirements that call for sending out large amounts of costly paper mail. However, paper mail notification would still be utilized if notification by electronic methods is not feasible.

SCAQMD generally spends up to \$100,000 dollars per year on postage costs relating to public notice requirements. This bill could reduce these costs and provide more efficient and cost-effective methods for public notice that allow for increased public awareness of clean air issues and increased public participation in the process of helping to achieve clean air and thereby protect public health.

ATTACHMENT 5



South Coast
Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4182
(909) 396-2000 • www.aqmd.gov

HOME RULE ADVISORY GROUP **Wednesday, November 8, 2017** **MEETING MINUTES**

CHAIR:

Dr. Joseph Lyou, Governing Board member

MEMBERS PRESENT:

Curt Coleman (Southern California Air Quality Alliance); Michael Downs (Downs Energy);-Jaclyn Ferlita (Air Quality Consultants); Bill LaMarr (California Small Business Alliance); Lauren Nevitt (Southern California Gas); Kristen Torres Pawling (County of Los Angeles, Chief Sustainability Office); Terry Roberts (American Lung Association of California); David Rothbart (Los Angeles County Sanitation District); and TyRon Turner (Dakota Communications).

The following members participated by conference call: Rongsheng Luo (SCAG) and Janet Whittick (California Council for Environmental & Economic Balance).

MEMBERS ABSENT:

Micah Ali (Compton Unified School District Board of Trustees); Mike Carroll (Regulatory Flexibility Group); Nan Harrold (Orange County Waste & Recycling); Art Montez (AMA International); Penny Newman (Center for Community Action and Environmental Justice); Larry Rubio (Riverside Transit Agency); Larry Smith (Cal Portland Cement); and Amy Zimpfer (EPA).

OTHER ATTENDEES:

Mark Abramowitz (Board Consultant to Dr. Lyou); Charlene Contreras (Los Angeles County Department of Public Health); Johnny Raymond (CARB); and Weinke Tax (EPA).

SCAQMD STAFF:

Philip Fine	Deputy Executive Officer
Sarah Rees	Assistant Deputy Executive Officer
William Wong	Principal Deputy District Counsel
Philip Crabbe	Community Relations Manager
Pedro Piqueras	Air Quality Specialist
Ann Scagliola	Administrative Secretary

OPENING COMMENTS AND SELF-INTRODUCTIONS

The meeting was called to order at 10:00 a.m. by Dr. Joseph Lyou (Chairman).

APPROVAL OF SEPTEMBER 2017 MEETING MINUTES

Dr. Lyou asked for comments on the September 13, 2017 meeting minutes. Bill LaMarr inquired if Matt Miyasato was advised of the Tribal DERA funding. Dr. Fine responded that he spoke with Dr. Miyasato about this. Mr. LaMarr also requested clarification on the Rule 1466 presentation

summary (page 5), and the word provided was deleted. Mr. LaMarr requested further clarification on the Report to and from Stationary Source Committee discussion (page 7), as to which Committee was being referenced. Dr. Lyou indicated that the discussion was for the Stationary Source Committee. Once the correction and clarifications were provided, the meeting minutes were approved and finalized.

EPA AND FEDERAL ACTIVITIES

Weinke Tax-provided an update on recent U.S. Environmental Protection Agency (EPA) and federal activities.

National Updates

- There is no political appointee yet for Region 9 Regional Administrator;
- Bill Wehrum was nominated as EPA Assistant Administrator for the Office of Air and Radiation and the vote is scheduled for November 9, 2017; and
- On November 6, 2017, there were some initial designations for attainment areas for the national ambient air quality standard (NAAQS) for ozone. Fact sheets are available.

Air Planning and Rulemaking

- On September 14, 2017, there was a final approval of the most recent set of RECLAIM rules. This allowed EPA, in combination with another submittal from South Coast Air Quality Management District (SCAQMD), on September 20, 2017 to publish a final approval of the 2008 Ozone RACT SIP. On October 10, 2017 there was a proposed approval of the RACM/RACT demonstration for 2006 Moderate Area PM2.5 Plan. Also signed was an interim final notice to defer sanctions with a comment period end date of November 9, 2017; and
- On October 23, 2017, a completeness letter was issued for SCAQMD and Coachella Valley VMT offset and for SCAQMD refuels for boilers. This action turned off the sanctions clock related to failure to submit.

Air Permitting

- On September 25, 2017, a synthetic minor permit was issued for the San Manuel Casino under the Tribal Minor New Source Review Program; and
- On June 20, 2017; EPA concluded that Federal PFC permitting revisions do not apply to the Tesoro Los Angeles Refinery integration and compliance project.

Grants

- There were six DERA competitive grants awarded in the Fall of 2017;
- Tribal DERA Program request for proposal period will close on January 18, 2018; and
- Targeted Air Shed Grants request for proposal period closed on October 18, 2017.

Technology and Toxics

- Media event on November 8, 2017 for the Siemens ehighway demo project;
- San Joaquin co-hosted an electric truck refrigeration unit demonstration project on October 11, 2017;
- EPA is working with state and federal partners in California, Oregon and Washington to facilitate alternate fuel infrastructure planning and deployment to support low and zero emission medium and heavy duty fleet operations; and
- EPA's National Air Toxics Assessment is scheduled to be released during the summer of 2018.

Discussion

Rongsheng Luo inquired if any comments were received on the actions for the exemptions. Weinke Tax indicated that four comments were received.

Dr. Lyou inquired if SCAQMD is good for the immediate future on sanction clock issues. Weinke Tax replied that there are still a few remaining NSR issues related to ozone, but EPA is working closely with SCAQMD and CARB to resolve.

AB 617 IMPLEMENTATION

Karen Magliano and Dr. Philip Fine provided presentations regarding AB 617 implementation for CARB and SCAQMD.

Discussion

Bill LaMarr commented that 99.2 percent of the businesses in California are small businesses, these businesses employ members of the community and the business owners usually live within the community. Mr. LaMarr suggested that CARB include the small business community in meetings with business organizations and groups, for what they can offer. Ms. Magliano indicated that in initial meetings community members expressed these concerns and that while incentive funding in the initial round is mainly focused on the Carl Moyer Program, when they get into the communities there may be financial assistance needed for emission reduction costs. Dr. Fine added that the legislation and discussions for working and advisory groups will include industry and business representatives.

Janet Whittick asked if the working groups would be formed before or after the concept paper, and if after what is the best way to scope out the initial concept. Ms. Magliano indicated that the working or advisory groups would be formed before the concept paper.

David Rothbart inquired about the coordination between CARB and the air districts, specifically the potential overlap in requirements and if there were discussions on where there could be duplicative regulations. Ms. Magliano indicated that inter-agency discussions have already started, specifically on emissions reporting, and to avoid dual reporting systems.

Kristen Pawling commented that she had invited Charlene Contreras from the Los Angeles Public Health Department to the meeting to address prior comments made regarding the role of the Public Health Department, to share the work that the Public Health Department is involved on environmental justice issues and the desire to build a bridge with Los Angeles County on AB 617 issues and to encourage the District to do the same. Charlene Contreras, Environmental Health Services Manager, introduced herself and expressed that the Los Angeles County Department of Public Health Board has a priority of environmental health oversight to engage in environmental justice efforts. Ms. Contreras also indicated that there are communities that have already been targeted for risk reductions and expressed appreciation for the approach and the willingness by CARB and SCAQMD to work with local initiatives and to possibly leverage some of the work that they are already doing.

Dr. Lyou asked Ms. Contreras if she was aware of the motion being brought forward by Supervisors Hahn and Barger to explore the enforcement authority of the Department of Public Health. He also explained that the Health and Safety Code which indicates that local agencies can adopt more stringent, non-vehicular standards, and then offered the assistance of the SCAQMD legal counsel. Curt Coleman indicated that the motion does state that the District staff is supposed to provide assistance, if the Department of Public Health lacks the technical expertise.

Lauren Nevitt commented that the stakeholders are not aware how quickly that implementation will happen, it would be helpful to focus people on the timeframe and the community identification process. Ms. Nevitt also inquired if there is criteria on how the community will be selected, and the nomination process. Dr. Fine replied that this is an active point of discussion with the agencies working groups.

Lauren Nevitt indicated that a pressure point is the funding. Dr. Fine replied that there is a strong desire by all the districts to get the money out quickly and there are active discussions on how to do this.

Dr. Lyou inquired where the funds would come from since separate sources of funds were appropriated and the \$250M seems to be appropriated directly to the districts, not through the Air Resources Board. Ms. Magliano said that the \$250M and the \$27M were appropriated by the legislature through slightly different funding mechanisms and both would come through CARB first and then they would be allocated out to the air districts. Ms. Magliano further indicated that CARB will continue to work with CAPCOA and the air districts to expedite the distribution process.

Bill LaMarr inquired about the additional personnel needed at CARB and the District. Ms. Magliano indicated around 72 full time employees (FTEs) for CARB, some of which would be intermittent. Dr. Fine added that it could be anywhere from 20 to 30 new FTEs for SCAQMD, which does not take into account the funding budget for future years. Mr. LaMarr also expressed, with funding for only one year, are there discussions for an increase in fees or charges to individual businesses for the additional mandated services. Dr. Fine commented that initially legislators considered for regulated entities to cover the related costs, but the District continues to explore cost recovery mechanisms and at this time nothing has been finalized. Mr. LaMarr further commented that the funding has to come from somewhere. Dr. Lyou encouraged Mr. LaMarr to bring this topic up at the next Budget Workshop.

David Rothbart inquired about the regulation framework which would determine who is responsible for doing what, the levels of responsibility and whether it will be reviewed as part of the public review process. Dr. Fine indicated that CARBs obligation is to create a statewide framework on how districts would develop their community reduction plans and there will be some flexibility on how a community reduction plan would be implemented. Dr. Fine further explained how mobile sources are the primary toxic risk where strategy assistance will be needed. Ms. Magliano added that if you look at the federal Clean Air Act where EPA sets out broad requirements, benchmarks, and there are the state and local development and review, within California there will be a similar review concept with a focus on the challenges in specific communities.

Lauren Nevitt inquired if the Clean Communities Plan would be a possible blueprint model and if other air districts have made similar efforts. Dr. Fine indicated that the Bay Area has made similar efforts and that the Clean Communities Plan would be a good model for SCAQMD for community outreach, identification of specific air quality issues and the coordination with other entities. Dr. Fine further clarified that the AB 617 implementation process will be more formal, similar to mini-Air Quality Management Plans.

Bill LaMarr commented that Clean Communities Plan did involve business representatives and it also helped identify many unpermitted sources within communities, which were good features.

Janet Whittick inquired if the districts were going to nominate and prioritize within regions and would CARB look to prioritize statewide or within the regions. Ms. Magliano indicated that it would ultimately be a little of both.

Rongsheng Luo asked if CARB planned to develop guidelines on AB 617 implementation. Ms. Magliano expressed that there will be guidelines within the statewide and monitoring strategies. Mr. Luo also inquired if the \$250M is only for mobile sources or will stationary sources be included. Ms. Magliano indicated the first round is statutorily focused on Moyer and Proposition 1B, but going forward there is the possibility that the incentive funding would be expanded. Dr. Fine commented that the District is working towards identifying available funding to put together a package on stationary source incentive funding. Mr. Luo further inquired how AB 617 relates to the implementation of the 2016 AQMP, specifically in terms of the SIP credits and how it relates to the facility-based measures. Dr. Fine indicated there are some overlaps in the incentives with a community geographical focus and on the regulatory side it is less clear on how this will tie together, since there could be regulations at the state or local level that may help achieve AQMP goals.

Dr. Lyou expressed the following thoughts, ideas and considerations.

- For the BARCT and BACT requirements, this is an opportunity for businesses to be recognized for their retro-fit technology, and we should point this out the good actors to the communities.
- In terms of timing, it seems communities may not be identified by the time that the money needs to be spent. *Dr. Fine indicated for the long term this is true, but there are on-going discussions for the first round to identify communities impacted by mobile sources, staff would then work with CARB to get that money out quicker.*
- Some communities may feel like they are being left behind and we need to take a long view of this, because it will take time to get to all of the communities that we think are deserving.
- Everyone needs to recognize that this is not happening overnight and it may take a longer period of time to get the focused attention that the first identified communities will be getting.
- You need to already have some degree of community engagement for those being considered and familiarity to what is going on.
- As we have seen with the Clean Community Program, it is very difficult to start from building and supporting a community to capacity, get them up to speed and being engaged, and for them to stay engaged over time.
- There are many communities who are very deserving and are already well organized and already engaged, and we want to take advantage of those communities.
- We need to make sure that we get going on this as soon as possible and we also need to consider what the existing community capacity engagement is. *Dr. Fine indicated that this is one of the criteria that CARB has on their preliminary list.*
- Could the analytical and data system used in the Torrance area for refineries be used for other communities? *Dr. Fine indicated that this was a possibility, since this is the platform that we are already using for our data management systems.*
- We should also make sure that other people can access the data, because this could result in cost savings. *Dr. Fine indicated that we would like to have one system that collects the data from the Basin, that CARB can have access to and possibly a statewide website that people can choose what community data they want to look at.*
- To achieve SIP credit and emission reductions is the objective.
- We have to appreciate that some of the data will be qualitative and will be difficult, but we need to know that there are benefits.
- We should measure, track and quantify what we can, but also not be afraid to pursue things that we inherently know will lead to qualitatively better situations for the communities.

Kristen Pawling commented that she could extend invitations to the Local Governments for the County and City of Los Angeles Planning Departments to possibly attend a future meeting to update members on jurisdictions where future discussions may be needed on land use. Dr. Lyou indicated that even though this is not explicit in AB 617, this is something that should be addressed.

CARB REGULATORY ACTIVITIES

Johnnie Raymond provided a report on the following items scheduled to go before CARB's Board in November 2017.

- Approval of the 2016 Ozone SIP for the Sacramento nonattainment region;
- Approval of the Chico PM2.5 Maintenance Plan;
- Proposed Fiscal Year 2017-18 Funding Plan for low carbon transportation investments and the Air Quality Improvement Plan; and
- Proposed amendments to the Statewide Portable Equipment Registration Program regulation and the airborne toxic control measures for diesel-fueled portable engines.

Additional Related Efforts

- Environmental Justice Advisory Committee meeting on November 13, 2017, to form recommendations to the AB 32 Scoping Plan;
- Public Meeting on November 14, 2017, to discuss air quality monitoring in neighborhoods near oil and gas facilities
- AB 617 San Diego community meeting on November 28, 2017, to discuss freight activities.

Discussion

Kristen Torres Pawling reported that the SB 375 update is being delayed and will not go before CARB's Board in November.

LEGISLATIVE UPDATE

Philip Crabbe provided a recap of the October 13, 2017 Legislative Committee meeting.

Federal Legislative Issues

SCAQMD's federal legislative consultants each provided a written report on various key Washington, D.C. issues. Copies of those are available as part of the Legislative Committee package. The consultants also provided verbal updates.

With regard to possible future infrastructure legislation, it was stated that President Trump could potentially be amenable to putting more federal money into the package. However, the public focus is on tax reform right now, but infrastructure will likely be the next big thing after that, either later this year or early next year.

Also, the EPA has come out with a repeal notice on the Clean Power Plan from the Obama Administration. While this action was not unexpected, the EPA is taking a different approach to what the Clean Air Act allows and what the authority is with regard to regulating power plants. The EPA adjusted the cost-benefit analysis, which was a major announcement in Washington, D.C.

It was also reported that the Department of Energy released a proposal which would potentially provide the ability to charge higher rates for energy generation from coal and nuclear facilities. It was stated that this proposal is in the form of a petition before the Federal Energy Regulatory Commission (FERC) and is not legislative. It is believed that this would put at a disadvantage any type of energy developers other than that for coal and nuclear. Further, there are tight timelines on

this proposal. The proposal's potential impacts to the energy market would be very significant. However, predicting the outcome of this highly unusual proposal is very difficult.

Also, the Senate Appropriations Committee announced that its markup of the interior appropriations bill which oversees the EPA budget will occur soon. The U.S. House of Representatives (House) has completed its appropriations work and is waiting for the Senate's version of the bill. The Congressional session runs through December 8, 2017. However, there is talk by Congressional leadership that Congress may stay in session until Christmas in an effort to get a tax bill completed.

In October 2017, there was staff trip to Washington, D.C. to visit the Vice President's office as well as Congressional members' offices, for discussions on the glider kit issue, truck retrofit rules, DERA reauthorization and the effort to add clean air funding to any future infrastructure legislation.

State Legislative Issues

SCAQMD's state legislative consultants provided written reports along with verbal updates at the meeting.

It was stated that the Legislature adjourned on September 15, 2017, but not before sending Governor Brown over 1,300 bills for consideration. The Governor had until October 15, 2017, to take action on those bills.

At the committee a Summary End-of-Year Report on State Legislature's and Governor's Action on 2017 Legislation was presented.

Philip Crabbe stated that both bills sponsored by SCAQMD, AB 1274 and AB 1132, passed the Legislature and were signed by Governor Brown. AB 1274, by Assembly Member O'Donnell, will redirect funds to the Carl Moyer Program, including about \$30 million per year that will benefit the South Coast region starting in 2019, and there is no sunset date on this funding source. Mr. Crabbe further explained that AB 1132, by Assembly Member Cristina Garcia, creates a critical new tool that will help protect disadvantaged communities from serious toxic emissions.

Further, the cap-and-trade program was extended until 2030 by AB 398, authored by Assemblyman Eduardo Garcia. The bill aims to meet greenhouse gas reduction targets of 40 percent below 1990 levels by 2030 and has already begun to reaffirm the cap-and-trade auction process to ensure that future GGRF funding will be generated in the coming years.

The committee was also updated on two budget trailer bills, AB 109 and AB 134, which allocated \$1.5 billion in GGRF monies. From AB 109, SCAQMD will receive a portion of \$27 million made available statewide to local air districts to fund initial implementation of the new duties and responsibilities mandated by AB 617 for the first year; from AB 134, the South Coast region will receive \$107.5 million of increased Carl Moyer funding.

Philip Crabbe noted that AB 134 also provides \$645 million in additional statewide funding, including: \$180 million for Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program; \$140 million for the Clean Vehicle Rebate Program for rebates for light-duty vehicles; \$140 million for equipment and improvements at ports; \$100 million for the Enhanced Fleet Modernization Program and \$85 million for reducing agricultural emissions through agricultural equipment, heavy-duty truck and tractor retrofit and replacement. In addition, SB 132, provided \$50 million for a competitive zero and near-zero emission warehouse program.

Other Bills of Interest

AB 615 (Cooper), was signed into law. AB 615 extended the income caps for the Clean Vehicle Rebate Project.

AB 739 (Chau), signed by the Governor, would require at least 15 percent of heavy-duty vehicles purchased by state agencies to be zero-emission beginning in 2025, and at least 30 percent of those vehicles to be ZEV beginning in 2030.

AB 1647 (Muratsuchi) which was discussed previously and deals with monitoring at and around refineries, was signed into law and will affect SCAQMD's Proposed Rule 1180.

The Legislative Committee also considered H.R. 3682 (Lowenthal) Blue Whales and Blue Skies Act. This bill calls on the National Oceanic and Atmospheric Administration's (NOAA) Office of National Marine Sanctuaries to establish annual Blue Whales and Blue Skies Excellence Awards to recognize shipping companies for voluntarily reducing speeds in the Santa Barbara Channel region below 12 knots, or for participating in the Port of Los Angeles' or Port of Long Beach's voluntary vessel speed reduction programs. The goal of the bill is to reduce both air pollution emissions and the risk of fatal ship strikes on whales. Within the next four years, NOAA would assess the feasibility of extending the voluntary program to encompass all shipping channels along the U.S. Pacific Coast between Canada and Mexico. If the program were to be extended to all shipping channels along the Pacific coast, it would help reduce NOx emissions within the South Coast region. Staff recommended a position of SUPPORT on this bill. However, the Legislative Committee made a recommendation to not support this bill.

UPDATE REGARDING LITIGATION ITEMS AND RELATED EPA ACTIONS

William Wong proved an update to the litigation status report handout.

- Case #9 – There was a tentative decision, however the decision is not final.

SUBCOMMITTEE STATUS REPORTS

A. Freight Sustainability (Dan McGivney)

Lauren Nevitt provided updates on the following items.

- The San Pedro Bay Port Draft Clean Air Action Plan (CAAP) was adopted November 2, 2017;
- The new heavy-duty 12 liter Cummins engine will be available in 2018; and
- The draft California Rail Plan was released for public review on October 11, 2017 and the comment end date is December 11, 2017, upcoming workshops will be held in San Bernardino and Los Angeles.

B. Small Business Considerations (Bill LaMarr)

Bill LaMarr provided a summary of the following Small Business Considerations Subcommittee activities.

- Participated in working group meetings for RECLAIM, Rule 1469 and AQMP Funding;
- Arranged a demonstration/walk-through for the Korean and California Cleaner Associations on the District's new epermit online application process.

C. Environmental Justice (Curt Coleman)

There was no report.

D. Climate Change (David Rothbart)

David Rothbart reported that CARB released the latest draft of the 2017 Climate Change Scoping Plan in October 2017, which will then go to the CARB Board at their December 14, 2017 meeting.

REPORT FROM AND TO THE STATIONARY SOURCE COMMITTEE

Dr. Philip Fine provided a recap of items from the October meeting and on the November 2017 agenda.

October

- Update report on the permit backlog and automation efforts;
- Updates on proposed amendments to Rules 1466 and 1180;
- Removal of 1148.3 from the agenda;
- Quarterly report on the RECLAIM; and
- Update on tBac white paper.

November

- Action Item – proposed amendments to Rule 1111 and issuance of RFP for Consumer Rebate Program for compliant natural gas-fired, fan-type central furnaces; and
- Updates on proposed amendments to Rules 1111, 2001, 2002 and 1469.

Discussion

Dr. Lyou commented that CARB is working with the San Joaquin Valley Air Pollution Control District on their PM2.5 SIP submission, for commitments on under-fired charbroilers. Staff indicated that they have noted this and there are on-going efforts with the College of Engineering, Center for Environmental Research and Technology (CE-CERT) to locate additional cost-effective controls.

APPROVAL OF THE 2018 HOME RULE ADVISORY SCHEDULE

The Home Rule Advisory Group confirmed and Dr. Lyou approved the following meeting schedule for 2018.

January 10	May 9	September 12
March 14	July 11	November 14

Note: All meetings are scheduled to begin at 10:00 a.m. and will be held in Conference Room CC-8.

2017 ACCOMPLISHMENTS AND 2018 GOALS & OBJECTIVES

Dr. Lyou requested any recommendations or changes for the provided Home Rule Advisory Group 2017 Accomplishments and the 2018 Goals and Objectives.

Discussion

Bill LaMarr commented that not all of the submitted 2017 Small Business Considerations accomplishments were included. Staff assured Mr. LaMarr that the report is in draft format and all submitted accomplishments will be included.

OTHER BUSINESS

There were no comments.

PUBLIC COMMENT

There were no comments.

ADJOURNMENT

The meeting was adjourned at 12:08 p.m. The next meeting of the Home Rule Advisory Group is scheduled for 10:00 a.m. on January 10, 2018, and will be held at SCAQMD in Conference Room CC-8.