



AB 1159 – Natural & Working Lands

SUMMARY

This bill clarifies existing law to allow land managers to receive state funding for acquisition, restoration and other activities not primarily intended to reduce greenhouse gas emissions, without violating a prohibition on participating in the carbon credit market.

BACKGROUND

In 2006, the Legislature enacted AB 32 (Nunez-Pavely), the California Global Warming Solutions Act, which required the state to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 and established the use of market-based compliance mechanisms to reduce emissions, including carbon sequestration credits. In 2016, SB 32 (Pavley) expanded upon AB 32 and required the California Air Resources Board to reduce GHG emissions to 40% below 1990 levels by 2030. SB 32 also declared the policy of the state is to achieve net zero GHG emissions as soon as possible, but no later than 2045.

Last year, the Legislature passed AB 1757 (C. Garcia), chapter 341, which amended the Act to require the Natural Resources Agency to determine a range of targets for natural carbon sequestration and for nature-based carbon solutions for GHG reductions. The Agency is tasked with establishing targets for 2030, 2038, and 2045.

AB 1757 also includes provisions to ensure any emission reductions work used toward achieving targets is not double-counted and that projects or actions that receive state funding are not eligible to generate credits under any market-based mechanisms. The goal of this provision was to prevent a landowner from receiving a carbon sequestration state grant and then turning around and selling the offsets created by the grant to the state. However, this broad provision has led to confusion and uncertainty regarding its interpretation.

PROBLEM

The language in AB 1757, although well-intended, is overly broad, and could be interpreted to apply to all state funds, not just funds intended for carbon sequestration or GHG emissions reduction.

For example, The Hoopa Valley Tribe may soon be able to regain ownership of more than 10,000 acres of ancestral lands in the headwaters of Pine Creek, an

important tributary of the Klamath River. Currently owned by an international asset manager, there is a once-in-a-generation opportunity to return these lands to the Tribe with a combination of public and private funds.

State funds for acquisition will be necessary to close the deal.

There is an existing carbon project on the land and the Tribe will inherit land management restrictions inherent with the carbon project. AB 1757 now casts doubt upon the Tribe's ability to acquire this land with state grants and use the revenue generated from the state-sanctioned sale of carbon offsets to assist in paying for the forest management mandated by the carbon project.

THIS BILL

This bill clarifies that the prohibition established in AB 1757 against generating credits under a market-based compliance mechanism - if the project or activity receives state funds - only applies to actions and projects that receive state funding for the primary purpose of reducing GHG emissions.

This will allow land managers to seek and receive state acquisition and restoration grants for projects on properties that generate carbon sequestration credits (without the use of state funds) to move forward with legal certainty.

SUPPORT

The Conservation Fund (Sponsor)
Hoopa Valley Tribe
Trout Unlimited

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