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**CONTACT:** Beth Miller, Brooke Armour  
(916) 551-1383

## **ICYMI: *The Sacramento Bee*: Cap-and-trade spending proposals require a two-thirds vote**

(SACRAMENTO)—In Sunday’s *Sacramento Bee*, Teresa Casazza, president and chief executive officer of the California Taxpayers Association, wrote about why the cap-and-trade auction program’s revenue is unavailable and illegal for legislators to tap into as a slush fund. Since its creation, the state’s cap-and-trade auction program has accumulated billions in revenue that legislators and special interest groups have repeatedly tried to spend. Recently, the California Tax Foundation released a report that found lawmakers have proposed 35 bills that would spend more than \$7.5 billion of the program’s auction revenue.

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So far, the cap-and-trade auction program has netted more than \$3.38 billion in revenue. This is money paid by carbon emitters, including drivers who pay into the fund at a rate of approximately 12 cents per gallon of gas. The cap-and-trade auctions will generate about \$2.4 billion in 2015-16 and \$2.3 billion in 2016-17.

This year, the Legislature and governor have proposed spending this money on myriad projects around the state, including projects that would affect electricity costs, our driving trends, and the basic cost of goods and services.

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Our report shows that the Legislature has yet to develop a comprehensive spending plan, including a thoughtful analysis of whether the proposals are legal, and whether they would reduce greenhouse gas emissions. In an April 4 hearing by the Assembly Natural Resources Committee, an assemblyman said lawmakers have taken the approach that all the money is “up for grabs, and let’s do a bill here or there.” In other words, lawmakers are treating this revenue like tax revenue.

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The state’s nonpartisan legislative analyst has cautioned the Legislature about using this money as a slush fund. In his most recent report on auction funds, the analyst suggested that legislators may want to remove the legal risk currently associated with spending the revenue by passing, with a two-thirds vote, a bill authorizing the cap-and-trade auctions.

The legislative analyst is right – cap-and-trade auctions must be approved by a two-thirds vote, or the revenue cannot legally be spent on the programs currently proposed.

AB 32 was never intended to be a revenue generator – in fact, the revenue-raising auction component of the cap-and-trade program was not even necessary to establish a regulatory program to reduce greenhouse gas emissions.

*To read more, please [click here](#).*