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California Tax Foundation Report Shows Legislature Proposes Spending More Than \$7.5 Billion

SACRAMENTO – California lawmakers have proposed spending more than \$7.5 billion in cap-and-trade auction revenue, a new report from the California Tax Foundation reveals.

The proposed spending is more than double the \$3.09 billion in cap-and-trade auction spending included in Governor Jerry Brown's proposed budget, and comes at a time when the spending of auction revenue is under scrutiny. The auctions are generating billions of dollars a year for programs that are unrelated to those who are required to pay, but the process was not approved by a two-thirds majority of lawmakers, as the California Constitution requires for tax increases.

"The legislative analyst has cautioned that cap-and-trade auction revenue should not be spent without evidence that the proposed spending actually would reduce pollution in our state," California Tax Foundation Director Robert Gutierrez said. "This report identifies the auction revenue spending proposals that are active in the Legislature, so they can be given proper scrutiny."

The "[Cap & Trade Auction Spending Proposals](#)" report identifies 35 bills in the current legislative session.

Under [AB 32](#) (Chapter 488, Statutes of 2006), California must reduce its greenhouse gas emissions to 1990 levels by 2020. The California Air Resources Board is responsible for implementing this law, and has adopted a number of regulatory programs, including the cap-and-trade auction program, which requires certain businesses, universities and government agencies that exceed specified emission limits to purchase emission "allowances." Most of the revenue is paid directly by large California employers, and indirectly by California consumers and businesses through higher gasoline and diesel fuel prices.

The California Tax Foundation is a 501(c)3 nonprofit, nonpartisan organization dedicated to informing and improving public policy in California through independent, objective research. The Foundation, established by the California Taxpayers Association in 1980, does not position on any ballot measures or any legislation, and does not endorse, support or oppose political parties or candidates.

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