



April 30, 2026 (Resubmitted on May 4, 2026)

Lauren Sanchez, Chair
 California Air Resources Board
 1001 I Street
 Sacramento, CA 95814

RE: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms – Significant Concerns

Chair Sanchez:

We, the undersigned organizations, write to you today to voice our **significant concerns** with the *Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Proposed Amendments)*, released by the California Air Resources Board (CARB) on April 14, 2026. The Proposed Amendments are expected to be considered by CARB at its May 28-29, 2026, monthly meeting.

In 2025, our organizations, representing affordable housing, local government, transportation / transit, environmental, environmental justice, and labor interests from across the state,

supported the efforts of the Newsom Administration and Legislature to extend the Cap-and-Trade program beyond 2030. We supported the proposed early action on the extension, as we understood the importance of the program to meeting California's long-term climate and air quality goals and believed state officials' public statements that such action was immediately necessary to stabilize the market and continue the state's investment from the Greenhouse Gas Reduction Fund (GGRF) in key climate programs. As the effort gained traction in AB 1207 (Irwin) and SB 840 (Limon), we supported the legislation and defended the bills against attacks from stakeholders, including the industry sectors subject to the program. We were pleased to see that the enacted legislation, consistent with our objectives, extended the program through 2045, renamed the program the "Cap-and-Invest" program, and maintained continuous appropriations from the GGRF for the Affordable Housing and Sustainable Communities Strategies Program (AHSC), Transit and Intercity Rail Capital Program (TIRCP), and Low Carbon Transit Operations Program (LCTOP) while also committing – for the first time – ongoing funding for air quality initiatives in AB 617 communities.

Today, however, we are gravely concerned with the program's proposed direction, as identified by CARB in the Proposed Amendments. Specifically, we are concerned with, and object to, the Proposed Amendments' proposal to increase allowances, including to the state's electricity and gas utility companies, by nearly \$2 billion annually to support, among other things, an enhanced Climate Credit. This proposal, while well-intentioned, would reduce the GGRF revenue by a commensurate amount annually, which we believe will, in the upcoming fiscal years, zero out hard-fought annual funding for the AHSC, TIRCP, LCTOP, and AB 617 communities. This funding, which has been a centerpiece of the state's climate strategy since 2015, supports the buildout of affordable transit-oriented housing and major transit projects, deployment of zero-emission vehicles, transit service, fare free and discounted transit passes, and community air quality initiatives. Over the last decade, as identified by CARB, implemented projects funded by these programs have delivered the following GHG emission reductions and benefits.

- AHSC:
 - 6,632,693 MTCO₂e GHG emissions reduced
 - \$4.85 billion invested, with \$4.0 billion benefitting priority populations
 - 22,877 units of affordable housing funded

- TIRCP:
 - 23,369,888 MTCO₂e GHG emissions reduced
 - \$2.74 billion invested, with \$1.58 billion benefitting priority populations
 - 263 transit projects implemented

- LCTOP:
 - 7,446,600 MTCO₂e GHG emissions reduced

- \$1.23 billion invested, with \$1.14 billion benefitting priority populations
- 1,123 projects and services implemented

- AB 617:
 - 282,500 MTCO_{2e}
 - \$527 million invested, with \$442.68 million benefitting priority populations
 - 9,004 projects implemented

We estimate that the constituencies we represent and/or serve will lose up to \$1.65 billion in GGRF annually – funding they have relied on for over a decade, without any plan from the state to backfill these losses. Given the GHG reductions from these programs outlined above, reducing their funding will jeopardize the state’s ability to meet its 2030 GHG reduction targets.

As we understand it, CARB advanced this proposal in the Proposed Amendments in response to calls from some legislators and stakeholders to further address the affordability crisis faced by Californians. In objecting to the proposal, we want to be clear: we agree that the Proposed Amendments should, as called for by AB 1207, address affordability; we believe the Proposed Amendments must apply an understanding of affordability that extends beyond utility bills. To the constituencies we represent and/or serve, addressing affordability requires continued state investment that supports good paying, life-sustaining jobs and means access to affordable housing and transit options, travel timing savings that buy Californians more time with family and friends, and personal health unburdened by the harms of air pollution – not just lower utility bills. Unfortunately, the Proposed Amendments fail on these fronts and regress on the state’s efforts to deliver more affordable housing units, more accessible and affordable public transit, and better air quality for our vulnerable communities by gutting key climate programs in favor of slightly lower utility bills. **We call on the state to revisit the proposal and maintain robust funding in the GGRF for the AHSC, TIRCP, LCTOP, and AB 617 communities.**

We know that CARB is balancing numerous objectives with the Proposed Amendments and is working to enact a final regulation that furthers the state’s climate and air quality goals while also confronting the challenges faced by regulated industries and everyday Californians. We ask that, as CARB advances the Proposed Amendments, that you consider the importance of the GGRF-funded programs and their role in addressing affordability and incorporate this more expansive understanding into the final regulation.

As we continue to review the Proposed Amendments, we look forward to engaging with you on the provisions noted in this letter and potentially others impacting GGRF-funded programs.

Sincerely,

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