



**Associated General
Contractors (AGC)**
The California Chapters

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 – Concerns from the Construction Industry

Chair Sanchez:

On behalf of the Associated General Contractors of California (AGC), we write to express our 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, and scheduled for consideration at the May 28, 2026 Board meeting.

AGC of California represents construction firms responsible for building the state's critical transportation infrastructure, commercial and residential buildings, and energy systems. Our members are committed to helping California meet reasonable climate and air quality goals and have supported policies that provide stable, predictable funding for programs that reduce emissions while supporting economic growth and job creation.

We supported the extension of the Cap-and-Trade program because of its role in funding essential infrastructure and climate investments through the Greenhouse Gas Reduction Fund (GGRF). These investments have been instrumental in advancing transit-oriented development, expanding public transportation, and supporting projects that both reduce emissions and create high-quality construction jobs across the state.

However, we are concerned that the Proposed Amendments would significantly reduce GGRF revenues by increasing allowances to utilities to fund an enhanced Climate Credit. While intended to address affordability, this approach would divert billions of dollars annually away from critical state programs that support housing, transportation, and infrastructure development.

From the construction industry's perspective, reduced GGRF funding directly translates into fewer projects, delays in critical infrastructure, and lost opportunities to build the housing and transportation systems California urgently needs. Programs supported by the GGRF have been a reliable pipeline of work that enables contractors to invest in their workforce, equipment, and innovation. Weakening these funding streams creates uncertainty and undermines the state's ability to deliver on its climate and economic goals.

Legislative Advocates:

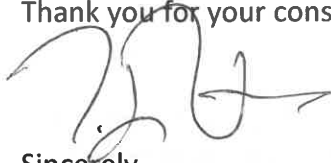
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We also urge CARB to take a broader view of affordability. For our industry and the communities we serve, affordability is not limited to utility bills—it includes access to housing, reliable transportation, and good-paying jobs. Investments in infrastructure and construction projects funded through the GGRF are a key part of that equation, helping reduce overall costs of living while supporting economic mobility.

We recognize the challenge CARB faces in balancing climate policy, affordability, and economic impacts. However, we respectfully urge the Board to reconsider the Proposed Amendments to ensure that GGRF funding remains robust and continues to support the construction of critical infrastructure and housing projects that are essential to California's future.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'F. Fuentes', with a long horizontal stroke extending to the right.

Sincerely,
Felipe Fuentes