



May 28, 2026

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

RE: Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

Dear Chair and Board Members:

I am concerned that CARB's April 14th proposed changes to the Cap & Invest program could have a devastating impact on California's already-struggling transit operators. Public transportation is a critical part of the State's strategy to reduce greenhouse gas emissions. The transportation sector is the state's largest source of emissions, yet it remains outside the scope of the Cap-and-Invest program. For this reason, it is essential to ensure GGRF dollars continue to support public transportation to serve communities across the state, support middle-class jobs, and reduce greenhouse gas emissions.

2025 Cap & Invest Program:

Last year, the Legislature reauthorized the Cap & Invest program through AB 1207 (Irwin) and SB 840 (Limon). As part of the reauthorization, the Legislature tasked CARB with prioritizing the prevention of emissions leakage, and committed to investments in regional transit capital projects and expanded transit service. In addition, SB 840 set aside up to \$400 million annually for the Transit and Intercity Rail Capital Program (TIRCP), and \$200 million for the Low-Carbon Transit Operations Program (LCTOP).

April 14th CARB Amendments:

CARB's proposed amendments increase the share of allowance value directed to expanded industrial decarbonization support, including, notably, for refineries. As a result, less auction revenue is expected to remain available for discretionary GGRF programs such as public transit. CARB's revenue estimates show shortfalls in all tiers to fully fund SB 840's commitments. In fact, there could be zero funding available for TIRCP and LCTOP. This proposal undermines the Legislature's intent to support transit.

While CARB has argued that this proposal will improve market stability, there is no guarantee it will lead to lower gasoline or energy bills for consumers. The petroleum market is highly complex and volatile, driven by global forces that far exceed the influence of this program. Any modest potential price effects from allowance adjustments are outweighed by the significant risk of reducing funding for public transit.

While I appreciate CARB's effort to respond creatively to the Legislature's directive and address legitimate concerns about affordability and market stability, these amendments overcorrect in

ways that place other successful programs at risk. For these reasons, I urge CARB to consider alternative pathways that preserve program integrity while ensuring stable and reliable funding for public transit.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane Papan". The signature is fluid and cursive, with a prominent loop at the end.

Diane Papan,
Assemblymember, 21st District