



## Bill Analysis

Author: Becker, et al.

Sponsor:

Bill Number: SB 1203

Related Bills: See Legislative  
History

Amended: March 8, 2022, and  
March 24, 2022

### SUBJECT

State Agencies to Establish Zero Net Emissions of Greenhouse Gases

### SUMMARY

This bill, under the Health and Safety Code, would require all state agencies to achieve zero net emissions of greenhouse gases resulting from their direct and indirect operations, no later than January 1, 2035.

### RECOMMENDATION

No position.

### SUMMARY OF AMENDMENTS

The March 8, 2022, amendments removed provisions of the bill relating to the Business and Professions Code and replaced them with the provisions discussed in this analysis.

The March 24, 2022, amendments added a coauthor, named the Climate Action Team, a multiagency team overseen by the California Environmental Protection Agency, as the lead agency and modified the agency plan requirements to include estimated costs of planned actions.

This is the department's first analysis of the bill and only addresses the provisions that impact the Department.

### REASON FOR THE BILL

The reason for this bill is to reduce the state's overall greenhouse gas emissions.

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## **ANALYSIS**

This bill would require all state agencies to aim to achieve zero net emissions of greenhouse gases resulting from their operations, from scope 1 and scope 2 emissions, no later than January 1, 2035. The scopes are defined as follows:

- “Scope 1 emissions” means all direct emissions from sources that are owned or controlled by the state agency, including, but not limited to, emissions from onsite fossil fuel combustion and fleet fuel consumption.
- “Scope 2 emissions” means all indirect emissions from sources that are owned or controlled by the state agency, including, but not limited to, emissions that result from the generation of electricity, heat, or steam purchased by the state agency from a utility provider.

This bill would require the Franchise Tax Board (FTB) to develop and publish a plan by January 1, 2025, that describes its current greenhouse gas emissions inventory planned actions for achieving the goal of zero net emissions of greenhouse gases by January 1, 2035, and the estimated costs of its planned actions.

This bill would require the FTB to incorporate the planned actions or changes to the planned actions into its planning and budgeting processes, subject to appropriation by the Legislature.

This bill would require the FTB to update its plan beginning June 30, 2027, and every two years thereafter until the goal is achieved. The report would include updated greenhouse gas emissions inventory covering the prior year calendar year and a description of its progress, and any changes to its planned actions to achieve zero net emissions.

This bill would require the FTB use the framework developed by the Climate Action Team to develop or update FTB’s plan. The Climate Action Team is a multiagency team overseen by the California Environmental Protection Agency.

This bill would require the FTB provide to the Climate Action Team drafts prior to publishing a plan or an updated plan for review and feedback.

This bill provides that FTB’s requirements to develop a plan and update the plan would be fulfilled if its planned actions for achieving zero net emissions are included within the initial plan or updated plan developed and published by another state agency.

### *Effective/Operative Date*

This bill would become effective and operative January 1, 2023.

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*Federal/State Law*

*Federal Law*

No comparable provision in federal law.

*State Law*

No comparable provision in federal law.

*Implementation Considerations*

The department has identified the following implementation considerations, and is available to work with the author's office to resolve these and other considerations that may be identified.

This bill defines a "State agency" to mean any state agency, board, department, or commission. To avoid confusion the following considerations should be clarified;

- Because a state agency may oversee many state departments, the author may wish to amend the bill to clarify the government entity that would be responsible for developing and publishing the required plan and updates when a department is overseen by a state agency.
- Some departments, like the FTB, occupy CA state owned buildings managed by the Department of General Services and lease buildings from private lessors. In addition to FTB's main campus, the department leases multiple field offices located both in and out of CA. Therefore, the author may wish to amend the bill to clarify a department's role when buildings are leased and when the leased building is located out-of-state.

*Technical Considerations*

None noted.

*Policy Considerations*

None noted.

**LEGISLATIVE HISTORY**

None noted.

**PROGRAM BACKGROUND**

According to the CA Air Resource Board (CARB): The Legislature passed the California Global Warming Solutions Act of 2006, which created a comprehensive, multi-year

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program to reduce greenhouse gas (GHG) emissions. CARB is charged with developing a plan to describe the approach California will take to reduce GHG.

**FISCAL IMPACT**

The department's costs to implement this bill have yet to be determined. As the bill moves through the legislative process, costs will be identified.

**ECONOMIC IMPACT**

*Revenue Estimate*

This bill as amended March 8, 2022, and March 24, 2022, would not impact state income or franchise tax revenue.

**LEGAL IMPACT**

None noted.

**APPOINTMENTS**

None noted.

**SUPPORT/OPPOSITION**

*Support*

Per the Senate Committee on Governmental Organization analysis of SB 1203, dated April 2, 2022, the following organizations are in support of the bill:

350 Humboldt, 350 Silicon Valley, California Climate Reality Coalition, California Efficuency + Demand Management Council, California Environmental Voters, Carbon Free Palo Alto, Carbon Free Silicon Valley, Climate Reality Project- California State Chapter, Climate Reality Project - Riverside County Chapter, Climate Reality Project- San Fernando Valley, CA Chapter, Climate Reality Project-Silicon Valley Chapter, Elders Climate Action- NorCal Chapter, Elders Climate Action-SoCal Chapter, Environmental Defense Fund, Menlo Spark, Natural Resources Defense Council, Silicon Valley Youth Climate Action, The Climate Reality Project: Silicon Valley

*Opposition*

Per the Senate Committee on Governmental Organization analysis of SB 1203, dated April 2, 2022, there is no opposition on file.

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## ARGUMENTS

### *Proponents*

Per the Senate Committee on Governmental Organization analysis of SB 1203, dated April 2, 2022, Carbon Free Silicon Valley believes that requiring state agencies to aim to achieve net-zero emission goals would demonstrate to CA residents and businesses how such goals could be achieved. They state:

SB 1203 requires all of our state agencies to aim to achieve net-zero from their own operations by 2035, 10 years ahead of the state as a whole. That means reducing emissions from state agencies' buildings and vehicles and from the electricity that they consume. Doing so will demonstrate how net-zero can be achieved, drive early demand for the solutions that the whole economy will need eventually, and reduce the costs of those solutions so that getting to net zero by 2045 will be less expensive for the state's residents and businesses. And while some may question whether getting to net-zero by 2035 is feasible or would be too expensive, we already have a good example of one part of the state government achieving it. In 2013, the University of California system set a target to achieve net-zero by 2025 (fully 10 years ahead of the goal set by SB 1203), and they report that they are on track to achieve this goal. Net-zero can be achieved by 2035 if state agencies set a goal and start planning for it now.

The Senate Committee on Environmental Quality analysis of 1203, dated April 25, 2022, includes the following argument in support of the bill:

According to the Natural Resources Defense Council, "California has long been a climate leader, but the climate crisis is accelerating. California state agencies can lead by example in slashing climate pollution on a timeline that reflects the urgency of this escalating crisis. Actionable plans to achieve net-zero emissions from state operations can show other jurisdictions and the private sector how to reach critical climate goals across sectors, while spurring demand for new clean technologies.

### *Opponents*

None Noted.

## LEGISLATIVE CONTACT

[FTBLegislativeServices@ftb.ca.gov](mailto:FTBLegislativeServices@ftb.ca.gov)