

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: June 18, 2025

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst Council File No. 25-0002-S44
Assignment No: 25-05-0454

SUBJECT: Resolution to Support AB 1243 (Addis) and SB 684 (Menjivar)

CLA RECOMMENDATION: Adopt Resolution (Yaroslavsky – Harris-Dawson) to include in the City’s 2025-2026 State Legislative Program, support for AB 1243 (Addis) and SB 684 (Menjivar), the Polluters Pay Climate Superfund Act of 2025, which would establish a framework for fossil fuel polluters to pay their fair share of the costs of climate damages, adaptation, and mitigation.

SUMMARY

The Resolution (Yaroslavsky – Harris-Dawson), introduced May 16, 2025, discusses two state legislative bills—AB 1243 (Addis) and SB 684 (Menjivar)—that propose the creation of the Polluters Pay Climate Superfund Act of 2025. This Act would establish a program under the California Environmental Protection Agency (CalEPA) requiring the largest fossil fuel polluters to pay for environmental and health damages in California caused by their emissions. The Resolution highlights the increasing financial burden on local governments and taxpayers due to climate change-related disasters, such as wildfires, droughts, and flooding, which threaten public services and disproportionately impact disadvantage communities.

The Act, according to the Resolution, aims to advance equity and environmental justice by directing at least 40% of collected funds to disadvantaged communities for projects like wildfire prevention, stormwater management upgrades, and renewable energy installations. It also mandates a comprehensive climate cost study to quantify damages from past emissions, identify responsible parties, and assess compensatory fees on major polluters. The funds would be used to mitigate disaster-related costs, support essential workers, and develop urban green spaces to improve resilience and public health.

Therefore, the Resolution requests that the City support AB 1243 (Addis) and SB 684 (Menjivar), the Polluters Pay Climate Superfund Act of 2025, which would establish a framework for fossil fuel polluters to pay their fair share of the costs of climate damages, adaptation, and mitigation.

BACKGROUND

California currently faces mounting financial and social burdens caused by climate change, particularly the devastating impacts of wildfires, droughts, and other disasters that have intensified in recent years. The January 2025 Los Angeles wildfires, which resulted in significant loss of life and property, highlighted the urgent need for new approaches to address the escalating costs associated with climate-related catastrophes. Californians, especially those already facing rising costs for basic needs, have been forced to shoulder the expenses of these disasters through higher insurance rates, taxes, and utility bills, while major fossil fuel companies continue to profit.

The Polluters Pay Climate Superfund Act of 2025

AB 1243 (Addis) and SB 684 (Menjivar), the Polluters Pay Climate Superfund Act of 2025, will require the world's largest fossil fuel companies to pay fees to California, proportional to their greenhouse gas emissions from 1990 to 2024, in order to address the costs of climate damages in the state. The California Environmental Protection Agency (CalEPA) will administer the program, identifying responsible parties—defined as entities with a majority interest in fossil fuel extraction or refining businesses that have contributed over one billion metric tons of global emissions during the covered period—and publishing a list of these companies within 90 days of the Act's effective date.

The funds collected through these fees will be used to relieve some of the financial burden currently borne by California taxpayers, supporting projects that mitigate and prevent climate-related harms, such as disaster recovery, resilience infrastructure, and clean energy initiatives. At least 40% of the funds must benefit disadvantaged communities. The Act also mandates a comprehensive climate cost study to quantify damages and update assessments over time, ensuring that the largest polluters continue to be held financially accountable as climate impacts evolve.

Supporting Arguments:

Supporters of the Polluters Pay Climate Superfund Act of 2025 argue that it is necessary to hold major fossil fuel companies financially accountable for the extensive environmental and health damages their operations have caused in California, rather than continuing to let taxpayers and local communities shoulder these costs. They point to successful local efforts, such as Richmond's settlement with Chevron for \$550 million to compensate for pollution impacts, as evidence that compelling polluters to pay can deliver significant community benefits and set a precedent for broader action. Proponents emphasize that the Act would direct billions of dollars back to communities for climate resilience, recovery, and public health, helping to address the disproportionate impact of pollution and climate disasters on vulnerable populations while incentivizing companies to reduce future emissions.

Opposing Arguments:

Opponents of the Polluters Pay Climate Superfund Act of 2025 raise concerns about the fairness and legality of making companies pay for pollution emitted decades ago, warning that retroactive liability could face significant legal challenges and potentially be deemed unconstitutional. They also question the technical feasibility of accurately attributing specific climate damages and costs to individual companies, given the global and cumulative nature of greenhouse gas emissions. Additionally, critics argue that imposing such substantial financial penalties on major fossil fuel

companies could have unintended economic consequences for California, including potential impacts on jobs, energy prices, and state revenues.

DEPARTMENTS NOTIFIED

Department of Water and Power

Department of Public Works, Bureau of Sanitation

CD Fields

Christopher Fields

Analyst

Attachment: 1. Resolution (Yaroslavsky – Harris-Dawson)
 2. AB 1243 (Addis)
 3. SB 684 (Menjivar)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, climate change has presented a number of reoccurring issues for the City of Los Angeles, and the State of California as a whole, such as increasing the likelihood of fire weather conditions by intensifying drought and drying vegetation, along with increased risk of other natural disasters; and

WHEREAS, across the state, local governments and taxpayers are bearing immense and mounting costs of rebuilding from damage caused by climate change, increased insurance premiums, property taxes, and utility bills. State and local budgets are impacted as climate risks rise, jeopardizing public services, and forcing communities to carry the burden to address climate-related emergencies; and

WHEREAS, currently pending before both houses of the State Legislature, are two companion bills, Assembly Bill 1243 (Addis) and Senate Bill 684 (Menjivar), which seek to create the Polluters Pay Climate Superfund Act of 2025 (Act); and

WHEREAS, the bills would establish the Polluters Pay Climate Superfund Program (Program) to be administered by the California Environmental Protection Agency (CalEPA) and require the largest fossil fuel polluters to pay for environmental and health damages suffered by Californians as a result of their emissions; and

WHEREAS, the Act will direct CalEPA to complete a climate cost study to quantify total damages to the state (through 2045), caused by past fossil fuel emissions, and to identify responsible parties and assess compensatory fees on the largest fossil fuel polluters proportional to their fossil fuel emissions from 1990 through 2024, to address damages quantified in the cost study, and directs that fees collected will fund projects and programs to mitigate disaster-related rate increases for Californians and remedy or prevent climate-related costs and harms; and

WHEREAS, the proposed Act advances California's commitment to equity and environmental justice by directing at least 40% of funds from the Program to go to disadvantaged communities. The funds will support urgently-needed projects such as implementing wildfire prevention measures like home hardening, upgrading stormwater management systems to prevent flooding, and installing solar panels and energy storage systems to reduce energy costs and increase resilience during power outages. Additionally, these funds



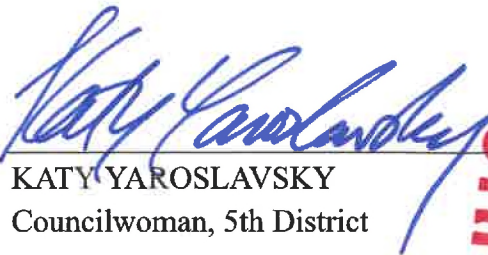
MAY 16 2025

could help develop urban green spaces to mitigate heat islands and improve air quality. It could fund programs to support first responders and additional workers who provide essential services during climate disasters; and

WHEREAS, the City of Los Angeles should support the Polluters Pay Climate Superfund Act of 2025 because it proposes to shift the burden of paying for the high costs of climate change recovery from California taxpayers to the businesses that have profited off the fossil fuel industry.

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-2026 State Legislative Program support for both AB 1243 (Addis) and SB 684 (Menjivar), the Polluters Pay Climate Superfund Act of 2025, which would establish a framework for fossil fuel polluters to pay their fair share of the costs of climate damages, adaptation, and mitigation.

PRESENTED BY:


KATY YAROSLAVSKY
Councilwoman, 5th District

SECONDED BY:



ORIGINAL

AMENDED IN ASSEMBLY APRIL 10, 2025

AMENDED IN ASSEMBLY APRIL 7, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1243

Introduced by Assembly Member Addis

**(Coauthors: Assembly Members Connolly, Garcia, Haney, Kalra,
Pellerin, Rogers, Schultz, and Ward)**

(Coauthors: Senators Allen, Gonzalez, Menjivar, Stern, and Wiener)

February 21, 2025

An act to add Part 4.8 (commencing with Section 71370) to Division 34 of the Public Resources Code, relating to climate change, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL’S DIGEST

AB 1243, as amended, Addis. Polluters Pay Climate Superfund Act of 2025.

The California Global Warming Solutions Act of 2006, until January 1, 2031, authorizes the State Air Resources Board to adopt a regulation establishing a system of market-based declining aggregate emissions limits for sources or categories of sources that emit greenhouse gases (market-based compliance mechanism) that meets certain requirements. Existing law establishes the Greenhouse Gas Reduction Fund and requires all moneys, except for fines and penalties, collected by the state board from the auction or sales of allowances as a part of a market-based compliance mechanism to be deposited into the fund and requires the Legislature to appropriate moneys in the fund for the purpose of reducing greenhouse gas emissions in the state, as provided.

Existing law, the California Climate Crisis Act, declares that it is the policy of the state both to achieve net-zero greenhouse gas emissions as soon as possible, but no later than 2045, and achieve and maintain net-negative greenhouse gas emissions thereafter, and to ensure that by 2045, statewide anthropogenic greenhouse gas emissions are reduced to at least 85% below the 1990 levels.

This bill would enact the Polluters Pay Climate Superfund Act of 2025 and would establish the Polluters Pay Climate Superfund Program to be administered by the California Environmental Protection Agency to require fossil fuel polluters to pay their fair share of the damage caused by greenhouse gases released into the atmosphere during the covered period, which the bill would define as the time period between the 1990 and 2024 calendar years, inclusive, resulting from the extraction, production, refining, sale, or combustion of fossil fuels or petroleum products, to relieve a portion of the burden to address cost borne by current and future California taxpayers. The bill would require the agency, within 90 days of the effective date of the act, to determine and publish a list of responsible parties, which the bill would define as an entity with a majority ownership interest in a business engaged in extracting or refining fossil fuels that, during the covered period, did business in the state or otherwise had sufficient contact with the state, and is determined by the agency to be responsible for more than 1,000,000,000 metric tons of covered fossil fuel emissions, as defined, in aggregate globally, during the covered period.

This bill would require the agency, within one year of the effective date of the act, to conduct and complete a climate cost study to, among other things, quantify the total damage amount, which the bill would define as all past and future climate harms and damages to the state from January 1, 1990, through December 31, 2045, inclusive. The bill would require the agency to update the climate cost study, not less frequently than every 5 years, through January 1, 2045, as provided. The bill would require the agency, within 60 days of the completion of the climate cost study, to determine and assess, as provided, a cost recovery demand for each responsible party listed, which represents the responsible party's proportionate share of the total damage amount. The bill would require responsible parties to pay their cost recovery demand, as provided. The bill would require the collected cost recovery demands to be deposited in the Polluters Pay Climate Superfund, which the bill would create in the State Treasury. The bill would, upon appropriation by the Legislature, require moneys in the ~~Polluters Pay~~

~~Climate Superfund~~ *fund* be expended for, among other things, qualifying expenditures, which the bill would define to include expenditures for projects and programs to mitigate, adapt, or respond to the damages and costs caused to the state from climate change. *The bill would require all interest earned on moneys that have been deposited into the fund to be retained in the fund for use in implementing the program.* The bill would require the agency to determine the initial implementation costs for the act, as provided, and would require the agency to assess an amount allocated equitably among responsible parties to cover those costs.

This bill would require the Director of Finance, within 45 days of the effective date of the act, to perform an initial assessment of the reasonable and appropriate initial implementation costs that will be incurred by the agency.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 Polluters Pay Climate Superfund Act of 2025.

3 SEC. 2. (a) The Legislature finds and declares all of the
4 following:

5 (1) Climate change, resulting primarily from the combustion of
6 fossil fuels, is an immediate, grave threat to the people,
7 communities, biodiversity, environment, and economy of the state.

8 (2) Severe consequences of climate change, including rising
9 sea levels, increasing temperatures, intensifying droughts, wildfires,
10 flooding, heat waves, loss of biodiversity, and other climate
11 change-driven ecosystem threats and extreme weather events, have
12 already materialized, are costing Californians billions of dollars,
13 and constitute an emergency for the state, which must now take
14 urgent action to prevent further damages, protect California
15 residents and communities, and transition to clean renewable
16 energy.

17 (3) Californians, especially California's most vulnerable
18 populations, low-income communities and communities of color,
19 children, and the elderly, are harmed by the climate emergency

1 and climate-related costs, including escalating costs of utilities,
2 housing, health care, and insurance.

3 (4) The state must develop and implement protective measures
4 to counteract the adverse effects of climate change.

5 (5) Protective measures necessary to mitigate climate change,
6 adapt to the adverse effects of climate change, and expedite the
7 transition away from fossil fuels will require significant new
8 investment.

9 (6) Peer-reviewed research has determined with great accuracy
10 the share of carbon dioxide and methane released into the
11 atmosphere by the operations and products of specific fossil fuel
12 companies.

13 (7) *Existing accounting of climate damage costs is known to be*
14 *significantly undercounted because scientific modeling to calculate*
15 *damage amounts is conservative by design and continually being*
16 *refined, and because certain damages are difficult to monetize,*
17 *including impacts to culture, health, and communities.*

18 (8) *The fees imposed by this act represent only a subset of the*
19 *extraordinary costs from climate-driven harms currently borne by*
20 *state, local, and tribal governments and California residents.*

21 (9) *The legislative purposes of the fees and the act are designed*
22 *to have a meaningful impact on the burden borne by taxpayers*
23 *while being justly and fairly proportional to a fraction of actual*
24 *historic emissions by the fossil fuel industry. This industry, despite*
25 *its massive profits of \$2,800,000,000 per day for the last 50 years,*
26 *has thus far externalized its pollution costs on state, local, and*
27 *tribal governments and California residents.*

28 ~~(7)~~

29 (10) The fossil fuel industry should now contribute its fair share
30 to government expenditures to protect the state from climate
31 disaster.

32 (b) In enacting this act, it is not the intent of the Legislature for
33 either of the following:

34 (1) For the act to be a determination of fault.

35 (2) For the act to have any impact on the ability of any person
36 or entity to hold polluters accountable for harms caused.

37 (c) *It is the intent of the Legislature for this act, the program*
38 *created by this act, and the programs and projects funded by this*
39 *act to benefit disadvantaged communities and to do no harm to*
40 *these communities.*

SEC. 3. Part 4.8 (commencing with Section 71370) is added to Division 34 of the Public Resources Code, to read:

PART 4.8. POLLUTERS PAY CLIMATE SUPERFUND ACT
OF 2025

CHAPTER 1. DEFINITIONS

71370. For purposes of this part, the following definitions apply:

(a) “Agency” means the California Environmental Protection Agency.

(b) “Annual payment date” means the date, as determined by the agency, not later than October 1 of each calendar year, by which a responsible party shall pay its cost recovery demand.

(c) “Climate cost study” means a study conducted pursuant to Section 71371.3.

(d) “Cost recovery demand” means a charge assessed against a responsible party for compensatory cost recovery payments, as determined pursuant to Section 71371.4.

(e) “Costs” means direct and indirect costs in current dollars to the state, local and tribal governments, and California residents incurred and projected to be incurred into the future to prepare for, prevent, adapt, or respond to the damages and harms associated with the impacts of covered fossil fuel emissions.

(f) “Covered fossil fuel emissions” means the *total* quantity of greenhouse gases released into the atmosphere during the covered period, expressed in metric tons of carbon dioxide equivalent, attributable to the extraction, production, refining, sale, or combustion, including by third parties, of fossil fuels or petroleum products.

(g) “Covered period” means the time period between January 1, 1990, and December 31, 2024, inclusive.

(h) “Fossil fuel” means coal, crude oil, petroleum products, or fuel gases, or their byproducts.

(i) “Fuel gas” includes, but is not limited to, methane, natural gas, liquefied natural gas, and manufactured fuel gas.

(j) “Fund” means the Polluters Pay *Climate* Superfund established pursuant to Section 71372.

(k) “Greenhouse gas” has the same meaning as set forth in Section 38505 of the Health and Safety Code.

(l) “Notice of cost recovery demand” means a written or electronic communication informing a responsible party of the amount of cost recovery demand due, payable to the fund.

(m) “Petroleum products” means a liquid hydrocarbon at atmospheric temperature and pressure that is the product of the fractionation, distillation, or other refining or processing of crude oil and that is used as, useable as, or may be refined as, a fuel or fuel blendstock, including, but not limited to, gasoline, diesel fuel, aviation fuel, bunker fuel, and renewable fuels containing more than 5 percent petroleum products.

(n) “Program” means the Polluters Pay Climate Superfund Program established pursuant to Section 71371.

(o) (1) “Qualifying expenditures” means expenditures for projects and programs within the state to mitigate, adapt, or respond to the damages and harms from climate change, as well as ongoing operation and maintenance for those projects or programs that satisfy the regulations adopted pursuant to Section 71373.2.

(2) Qualifying expenditures shall include all reasonable costs incurred by the agency and other public agencies for administering and implementing projects or programs financed by the fund. Administrative costs shall not exceed 10 percent for any project or program financed by the fund.

(3) Qualifying expenditures shall include expenditures for projects and programs that mitigate or adapt to climate change and its impact to the state, local and tribal governments, and California residents. Qualifying expenditures *may* include, but are not limited to, investments in any of the following:

(A) Community disaster preparedness, response, and recovery, ~~that includes~~ *including, but not limited to*, any of the following:

(i) Hardening of structures in existing, at-risk, and recovering communities.

(ii) Evacuation planning and design.

(iii) Postdisaster soil and water remediation.

(iv) Emergency housing, health, *transportation*, and medical response.

(v) Sustainable community planning and infrastructure, including community resilience centers, affordable infill housing, and public services funding to support emergency services and

~~disaster response.~~ *response, including support for local and tribal governments and public agency operational continuity during and after climate-related events.*

(B) Energy efficiency and resiliency, including, *but not limited to*, climate-resilient schools, electric school buses, vehicle-to-grid bidirectionality, microgrids, community solar, accelerating the transition to clean energy sources, *building and infrastructure decarbonization, and maintaining, enhancing, and expanding* zero-emission infrastructure, including ~~public transit, or building and infrastructure decarbonization.~~ *transit operations, to increase ridership and transition to zero-emission fleets.*

(C) Green workforce ~~development and development,~~ job training, and support for first responders and essential workers ~~during responding to~~ climate disasters, and financial support programs for workers whose livelihoods are impacted by climate change.

(D) Regenerative agricultural practices.

(E) Natural system protections, such as preservation or nonextractive restoration of shrublands, forests, grasslands, deserts, or riparian areas, ~~or groundwater recharge or recharge,~~ storage, or instream flow projects.

(p) “Responsible party” means an entity, including, but not limited to, an individual, trustee, agent, partnership, association, corporation, or other legal organization, including a foreign nation, that satisfies all of the following conditions:

(1) (A) The entity holds or held a majority ownership interest in a business engaged in extracting or refining fossil fuels during the covered period or is a successor in interest to the entity.

(B) For ~~purpose~~ *purposes* of subparagraph (A), entities in a commonly controlled group, as defined in Section 25105 of the Revenue and Taxation Code, shall be treated as a single entity for purposes of this subdivision and shall be jointly and severally liable for the payment of any cost recovery demand owed by any entity in the commonly controlled group.

(2) During any part of the covered period, the entity did business in the state or otherwise had sufficient contacts with the state to give the state jurisdiction over the entity pursuant to Section 410.10 of the Code of Civil Procedure.

(3) The agency determines that more than ~~one billion~~ *1,000,000,000* metric tons of covered fossil fuel emissions, in

1 aggregate globally, are attributable to the entity during the covered
2 period.

3 (q) “Total damage amount” means the costs determined by the
4 agency in its climate cost study of past and future climate damages
5 and harms from January 1, 1990, up to, and including, December
6 31, 2045, attributable to covered fossil fuel emissions.

7
8 CHAPTER 2. POLLUTERS PAY CLIMATE SUPERFUND PROGRAM
9

10 71371. (a) There is hereby established the Polluters Pay
11 Climate Superfund Program to be administered by the agency.

12 (b) The purpose of the program is to require fossil fuel polluters
13 to pay their fair share of the damage caused by covered fossil fuel
14 emissions, thereby relieving a portion of the burden to address
15 costs otherwise borne by current and future California taxpayers.

16 71371.1. (a) A responsible party, as determined by the agency
17 pursuant to Section 71371.2, shall be strictly liable for a cost
18 recovery demand.

19 (b) Beginning January 1, 2026, each responsible party shall pay
20 to the agency its cost recovery demand established pursuant to
21 Section 71371.4.

22 71371.2. Within 90 days of the effective date of this part, the
23 agency shall determine and publish on its internet website a list of
24 responsible parties subject to this part. The agency may update the
25 list from time to time, as appropriate.

26 71371.3. (a) The agency shall conduct or commission a climate
27 cost study and the study shall be completed within one year of the
28 effective date of this part.

29 (b) The climate cost study shall include, at a minimum, an
30 evaluation of all of the following:

31 (1) (A) The cost-driving effects of covered fossil fuel emissions
32 on the state, local and tribal governments, and California residents,
33 including effects on public health and safety, biodiversity and
34 ecosystems, agriculture and food systems, water, wildfire, the built
35 environment, economic development, and any other effects that
36 may be relevant.

37 (B) The evaluation shall be based on a review of existing best
38 peer-reviewed and publicly available science on climate impacts
39 and costs, including climate attribution science and methodologies,
40 California’s Fourth Climate Change Assessment, information

1 available from California's ongoing Fifth Climate Change
2 Assessment, and any future relevant assessments.

3 (C) Climate impacts, including, but not limited to, extreme
4 weather events, such as heat waves, droughts, and flooding, sea
5 level rise, air and water temperature shifts, changes in wildfire,
6 such as to area burned, smoke, air quality, and damage to
7 communities, and related economic impacts, such as agricultural
8 and food system costs, health costs, housing insurability,
9 affordability, and access, shall be considered in the evaluation.

10 (2) A calculation of the costs incurred since January 1, 1990,
11 and projected to be incurred into the future up to, and including,
12 December 31, 2045, within the state for effects identified under
13 paragraph (1).

14 (3) A list to identify potential harms and impacts incurred since
15 January 1, 1990, and projected to be incurred into the future up
16 to, and including, December 31, 2045, within the state attributable
17 to covered fossil fuel emissions, that are not yet quantifiable using
18 current best available scientific methodologies, for consideration
19 in future updates as science and quantification methods evolve.

20 (4) A calculation of the total damage amount.

21 (5) An assessment of potential qualifying expenditures meeting
22 the requirements of Section 71371.6.

23 *(6) An analysis of climate impacts to local and tribal government*
24 *budgets, including, but not limited to, increased costs for*
25 *infrastructure maintenance, emergency services, natural disaster*
26 *recovery, and public health, and how potential qualifying*
27 *expenditures could be used to offset those costs.*

28 (c) The agency shall update the climate cost study using the
29 best publicly available peer-reviewed science, data, and
30 methodology, not less frequently than every five years, through
31 January 1, 2045.

32 (d) The agency shall, in accordance with Section 9795 of the
33 Government Code, submit to the Legislature the climate cost study
34 and update.

35 71371.4. (a) Within 60 days of the completion of the climate
36 cost study, the agency shall determine and assess a cost recovery
37 demand upon each responsible party by doing all of the following:

38 (1) Quantify covered fossil fuel emissions attributable to each
39 responsible party based on publicly reported data on the operations
40 and production of the fossil fuel industry and the best available

1 and most up-to-date Intergovernmental Panel on Climate Change
2 emissions factors for greenhouse gas inventories.

3 (2) Establish the proportionate share percentage of each
4 responsible party as equal to the ratio of the responsible party's
5 covered fossil fuel emissions to covered fossil fuel emissions
6 globally.

7 (3) Establish a cost recovery demand for each responsible party
8 in an amount equal to the proportionate share percentage of the
9 responsible party as determined pursuant to paragraph (2)
10 multiplied by the total damage amount determined pursuant to the
11 climate study or its update prepared pursuant to Section 71371.3.

12 (b) Within 60 days of an update of the climate cost study, the
13 agency shall update and adjust, as necessary, the quantification
14 and determinations made pursuant to subdivision (a).

15 (c) (1) The notice of cost recovery demand shall inform the
16 responsible party of its obligation to remit the cost recovery
17 demand, or any adjustment to the cost recovery demand, in full,
18 on or before the annual payment date of the calendar year in which
19 the notice is issued or the next calendar year if the provided notice
20 is issued less than 60 days before the annual payment date.

21 (2) A responsible party may elect to pay its cost recovery
22 demand in 20 installments by providing written notice of its
23 election and submission of at least 10 percent of the cost recovery
24 demand on or before the annual payment date of the calendar year
25 in which the initial notice is issued or the next calendar year if the
26 notice is issued less than 60 days before the annual payment date.
27 The remaining balance shall be paid in equal installments that are
28 due on or before the annual payment of each calendar year after
29 the initial payment.

30 (3) The unpaid balance of all remaining installments shall
31 become due immediately if any of the following occurs:

32 (A) The responsible party fails to pay any installment by the
33 due date pursuant to this subdivision.

34 (B) Except as provided in paragraph (4), there is a liquidation
35 or sale of substantially all the assets of the responsible party.

36 (C) The responsible party ceases to do business.

37 (4) In the case of a sale of substantially all the assets of a
38 responsible party, the remaining installments shall not become due
39 immediately if the buyer enters into an agreement with the agency
40 under which the buyer assumes liability for the remaining

1 installments due under paragraph (2) in the same manner as if the
2 buyer was the responsible party.

3 (5) If an update to the climate cost study results in an adjustment
4 to the responsible party's cost recovery demand, the agency shall,
5 within 60 days, issue a revised written notice of cost recovery
6 demand notifying the responsible party of the adjusted payment
7 due.

8 (6) Payment of the cost recovery demand may be stayed by the
9 agency or a court pending administrative or judicial resolution, as
10 applicable, of a challenge filed under Section 71371.5.

11 71371.5. (a) The agency shall establish procedures for an entity
12 to challenge its designation as a responsible party under Section
13 71371.2 or its cost recovery demand established pursuant to Section
14 71371.4.

15 (b) The agency may adjust a responsible party's cost recovery
16 demand if the responsible party establishes, to the satisfaction of
17 the agency, both of the following:

18 (1) A portion of its cost recovery demand amount is attributable
19 to fossil fuel extracted by another responsible party.

20 (2) The fossil fuel extracted by the other responsible party was
21 accounted for when the agency determined the cost recovery
22 demand amount for the other responsible party.

23 (c) This section does not limit a real party's right to seek judicial
24 review of a determination made by the agency, except that no civil
25 action shall be maintained under this part unless it is commenced
26 within 30 days after the claim accrued.

27 71371.6. The agency shall establish funding criteria and
28 guidelines in accordance with the climate cost study for programs
29 and projects that are eligible as qualifying expenditures funded
30 from moneys collected pursuant to this chapter.

31 71371.7. Until December 31, 2045, every five years after the
32 effective date of this part, the Legislative Analyst's Office shall
33 conduct an independent evaluation of the Polluters Pay Climate
34 Superfund Program to be provided to the Governor, the President
35 pro Tempore of the Senate, and the Speaker of the Assembly. The
36 purpose of this evaluation shall be to determine the effectiveness
37 of the program in achieving its purposes as described in this chapter
38 and to provide recommendations for improving program
39 administration.

CHAPTER 3. POLLUTERS PAY CLIMATE SUPERFUND

71372. (a) There is hereby established the Polluters Pay Climate Superfund in the State Treasury. Moneys in the fund shall, upon appropriation by the Legislature, be used to implement the program pursuant to Chapter 2 (commencing with Section 71371), including qualifying expenditures, and to reimburse any outstanding loan made from other funds used to finance the initial costs of the agency's activities in implementing this part. Moneys in the fund shall not be expended for any purposes not specified in this part.

(b) Moneys collected pursuant to Chapter 2 (commencing with Section 71371) or Chapter 4 (commencing with Section 71373) shall be deposited into the fund.

(c) *All interest earned on the moneys that have been deposited into the fund shall be retained in the fund for use in implementing the Polluters Pay Climate Superfund Program.*

71372.1. Moneys in the fund shall be expended on qualifying expenditures in accordance with the findings of the climate cost study and updates to the study and guidelines and criteria established pursuant to Section 71371.6 so that both of the following occur:

(a) Not less than 40 percent of the moneys are expended for projects and programs that directly benefit disadvantaged communities, as defined by the ~~agency~~, *agency pursuant to Section 39711 of the Health and Safety Code*, facing climate impacts.

(b) Programs and projects funded by the fund include the assessment and implementation of strategies to increase employment opportunities and improve job quality.

71372.2. *If any expenditure of moneys from the fund for any project or program is determined by a court to be inconsistent with law, the funding for the remaining projects or programs shall be severable and shall not be affected by the determination.*

CHAPTER 4. MISCELLANEOUS PROVISIONS

71373. Within 45 days of the effective date of this part, the Director of Finance shall perform an initial assessment of the reasonable and appropriate initial implementation costs as described in Section 71373.3.

1 71373.1. In implementing this part, the agency shall conduct
2 regular consultations with the Integrated Climate Adaptation and
3 Resiliency Program, the State Air Resources Board and the
4 Environmental Justice Advisory Committee of that state board,
5 the State Water Resources Control Board, the Natural Resources
6 Agency, the State Energy Resources Conservation and
7 Development Commission, the Office of Emergency Services, the
8 Strategic Growth Council, the State Department of Public Health,
9 the Office of Environmental Health Hazard Assessment, the
10 California Coastal Commission, the Public Utilities Commission,
11 the Attorney General, and other appropriate public agencies and
12 nongovernmental entities.

13 71373.2. (a) Within 180 days of the effective date of this part,
14 the agency shall adopt all regulations, including those establishing
15 requirements for projects and programs eligible for funding from
16 the fund, necessary to carry out this part.

17 (b) The agency may prescribe, adopt, and enforce any
18 emergency regulations as necessary to implement, administer, and
19 enforce its duties under this part. Emergency regulations prescribed,
20 adopted, or enforced pursuant to this part shall be adopted in
21 accordance with Chapter 3.5 (commencing with Section 11340)
22 of Part 1 of Division 3 of Title 2 of the Government Code, and,
23 for purposes of that chapter, including Sections 11349.1 and
24 11349.6 of the Government Code, the adoption of the regulation
25 is an emergency and shall be considered by the Office of
26 Administrative Law as necessary for the immediate preservation
27 of the public peace, health and safety, and general welfare.
28 Notwithstanding any other law, the emergency regulations adopted
29 by the California Environmental Protection Agency may remain
30 in effect for two years from adoption.

31 71373.3. (a) Within 120 days of the effective date of this part,
32 the agency shall determine the initial implementation costs,
33 including the costs of the initial climate cost study, the development
34 and adoption of regulations to implement this part, and other
35 appropriate initial program implementation costs.

36 (b) The agency shall equitably assess a charge on the responsible
37 parties for the full amount of the agency's initial implementation
38 costs determined pursuant to subdivision (a). The agency shall
39 notify responsible parties of the charge.

1 (c) Within 60 days of the notification, each responsible party
2 shall remit the charge to the agency for deposit into the fund.

3 (d) A responsible party's payment of the charge may be stayed
4 by the agency or a court pending administrative or judicial
5 resolution, as applicable, of a challenge filed under Section
6 71371.5.

7 71373.4. The agency and the Attorney General shall have the
8 authority to enforce the requirements of this part and to assess fees
9 for late payments of cost recovery demands pursuant to Chapter
10 2 (commencing with Section 71371) or the charge assessed under
11 Section 71373.3. The late fees shall accrue daily, assessed at the
12 rate of 10 percent per annum, on amounts remaining due.

13 71373.5. The Secretary of State shall have the authority to
14 revoke or suspend the business license of a responsible party that
15 fails to comply with this part.

16 71373.6. (a) This part does not do either of the following:

17 (1) Relieve the liability of an entity for damages resulting from
18 climate change, as provided by law.

19 (2) Preempt, displace, or restrict any rights or remedies of a
20 person, the state, units of local government, or tribal government
21 under law relating to a past, present, or future allegation of any of
22 the following:

23 (A) Deception concerning the effects of fossil fuels on climate
24 change.

25 (B) Damage or injury resulting from the role of fossil fuels in
26 contributing to climate change.

27 (C) Failure to avoid damage or injury related to climate change,
28 including claims for nuisance, trespass, battery, design defect,
29 negligence, failure to warn, or deceptive or unfair practices and
30 claims for injunctive, declaratory, monetary, or other relief.

31 (b) This part does not preempt or supersede any state law or
32 local ordinance, regulation, policy, or program, including, but not
33 limited to, those that do any of the following:

34 (1) Limit, set, or enforce standards for emissions of greenhouse
35 gases.

36 (2) Monitor, report, or keep records of emissions of greenhouse
37 gases.

38 (3) Collect revenue through fees or levy taxes.

39 (4) Conduct or support investigations.

1 71373.7. The remedies provided in this part are in addition to
2 other remedies provided by law. This part does not limit a party's
3 right, including the agency, other governmental bodies, or private
4 individuals, from pursuing civil action or other remedies provided
5 by law, or to capture additional costs not recovered by this part.

6 71374. The provisions of this part are severable. If any
7 provision of this part or its application is held invalid, that
8 invalidity shall not affect other provisions or applications that can
9 be given effect without the invalid provision or application.

10 SEC. 4. This act is an urgency statute necessary for the
11 immediate preservation of the public peace, health, or safety within
12 the meaning of Article IV of the California Constitution and shall
13 go into immediate effect. The facts constituting the necessity are:

14 To fund and implement measures to address the immediate,
15 ongoing threats to public safety, and the health and welfare of the
16 people, the environment, and the State of California from climate
17 change, it is necessary for this act to take effect immediately.

18
19
20 REVISIONS: _____

21 Heading—Lines 2 and 3.
22 _____

AMENDED IN SENATE MARCH 26, 2025

SENATE BILL

No. 684

Introduced by Senator Menjivar

(Coauthors: Senators Allen, Gonzalez, Stern, and Wiener)

(Coauthors: Assembly Members Addis, Connolly, Garcia, ~~and Kalra~~
Kalra, Rogers, and Ward)

February 21, 2025

An act to add Part 4.8 (commencing with Section 71370) to Division 34 of the Public Resources Code, relating to climate change, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 684, as amended, Menjivar. Polluters Pay Climate Superfund Act of 2025.

The California Global Warming Solutions Act of 2006, until January 1, 2031, authorizes the State Air Resources Board to adopt a regulation establishing a system of market-based declining aggregate emissions limits for sources or categories of sources that emit greenhouse gases (market-based compliance mechanism) that meets certain requirements. Existing law establishes the Greenhouse Gas Reduction Fund and requires all moneys, except for fines and penalties, collected by the state board from the auction or sales of allowances as a part of a market-based compliance mechanism to be deposited into the fund and requires the Legislature to appropriate moneys in the fund for the purpose of reducing greenhouse gas emissions in the state, as provided.

Existing law, the California Climate Crisis Act, declares that it is the policy of the state both to achieve net-zero greenhouse gas emissions as soon as possible, but no later than 2045, and achieve and maintain net-negative greenhouse gas emissions thereafter, and to ensure that by

2045, statewide anthropogenic greenhouse gas emissions are reduced to at least 85% below the 1990 levels.

This bill would enact the Polluters Pay Climate Superfund Act of 2025 and would establish the Polluters Pay Climate Superfund Program to be administered by the California Environmental Protection Agency to require fossil fuel polluters to pay their fair share of the damage caused by greenhouse gases released into the atmosphere during the covered period, which the bill would define as the time period between the 1990 and 2024 calendar years, inclusive, resulting from the extraction, production, refining, sale, or combustion of fossil fuels or petroleum products, to relieve a portion of the burden to address cost borne by current and future California taxpayers. The bill would require the agency, within 90 days of the effective date of the act, to determine and publish a list of responsible parties, which the bill would define as an entity with a majority ownership interest in a business engaged in extracting or refining fossil fuels that, during the covered period, did business in the state or otherwise had sufficient contact with the state, and is determined by the agency to be responsible for more than 1,000,000,000 metric tons of covered fossil fuel emissions, as defined, in aggregate globally, during the covered period.

This bill would require the agency, within one year of the effective date of the act, to conduct and complete a climate cost study to, among other things, quantify the total damage amount, which the bill would define as all past and future climate harms and damages to the state from January 1, 1990, through December 31, 2045, inclusive. The bill would require the agency to update the climate cost study, not less frequently than every 5 years, through January 1, 2045, as provided. The bill would require the agency, within 60 days of the completion of the climate cost study, to determine and assess, as provided, a cost recovery demand for each responsible party listed, which represents the responsible party's proportionate share of the total damage amount. The bill would require responsible parties to pay their cost recovery demand, as provided. The bill would require the collected cost recovery demands to be deposited in the Polluters Pay Climate-Superfund Fund, *Superfund*, which the bill would create in the State Treasury. The bill would, upon appropriation by the Legislature, require moneys in the ~~fund~~ *Polluters Pay Climate Superfund* be expended for, among other things, qualifying expenditures, which the bill would define to include expenditures for projects and programs to mitigate, adapt, or respond to the damages and costs caused to the state from climate change. The

bill would require the agency to determine the initial implementation costs for the act, as provided, and would require the agency to assess an amount allocated equitably among responsible parties to cover those costs.

This bill would require the Director of Finance, within 45 days of the effective date of the act, to perform an initial assessment of the reasonable and appropriate initial implementation costs that will be incurred by the agency.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Polluters Pay Climate Superfund Act of 2025.
- 3 SEC. 2. (a) The Legislature finds and declares all of the
- 4 following:
- 5 (1) Climate change, resulting primarily from the combustion of
- 6 fossil fuels, is an immediate, grave threat to the people,
- 7 communities, biodiversity, environment, and economy of the state.
- 8 (2) Severe consequences of climate change, including rising
- 9 sea levels, increasing temperatures, intensifying droughts, wildfires,
- 10 flooding, heat waves, loss of biodiversity, and other climate
- 11 change-driven ecosystem threats and extreme weather events, have
- 12 already materialized, are costing Californians billions of dollars,
- 13 and constitute an emergency for the state, which must now take
- 14 urgent action to prevent further damages, protect California
- 15 residents and communities, and transition to clean renewable
- 16 energy.
- 17 (3) *Californians, especially California's most vulnerable*
- 18 *populations, including low-income communities and communities*
- 19 *of color, children, and the elderly, are disproportionately harmed*
- 20 *by the climate emergency; emergency and climate-related costs,*
- 21 *including escalating costs of utilities, housing, health care, and*
- 22 *insurance.*
- 23 (4) The state must develop and implement protective measures
- 24 to counteract the adverse effects of climate change.

(5) Protective measures necessary to mitigate climate change, adapt to the adverse effects of climate change, and expedite the transition away from fossil fuels will require significant new investment.

(6) Peer-reviewed research has determined with great accuracy the share of carbon dioxide and methane released into the atmosphere by the operations and products of specific fossil fuel companies.

(7) The fossil fuel industry should now contribute its fair share to government expenditures to protect the state from climate disaster.

(b) In enacting this act, it is not the intent of the Legislature for either of the following:

(1) For the act to be a determination of fault.

(2) For the act to have any impact on the ability of any person or entity to hold polluters accountable for harms caused.

SEC. 3. Part 4.8 (commencing with Section 71370) is added to Division 34 of the Public Resources Code, to read:

PART 4.8. POLLUTERS PAY CLIMATE SUPERFUND ACT
OF 2025

CHAPTER 1. DEFINITIONS

71370. For purposes of this part, the following definitions apply:

(a) “Agency” means the California Environmental Protection Agency.

(b) “Annual payment date” means the date, as determined by the agency, not later than October 1 of each calendar year, by which a responsible party shall pay its cost recovery demand.

(c) “Climate cost study” means a study conducted pursuant to Section 71371.3.

(d) “Cost recovery demand” means a charge assessed against a responsible party for compensatory cost recovery payments, as determined pursuant to Section 71371.4.

(e) “Costs” means direct and indirect costs in current dollars to the state, ~~local~~, *local* and tribal ~~governments~~ *governments*, and California residents incurred and projected to be incurred into the future to prepare for, prevent, adapt, or respond to the damages

1 and harms associated with the impacts of covered fossil fuel
2 emissions.

3 (f) “Covered fossil fuel emissions” means the quantity of
4 greenhouse gases released into the atmosphere during the covered
5 period, expressed in metric tons of carbon dioxide equivalent,
6 ~~resulting from~~ *attributable to* the extraction, production, refining,
7 sale, or ~~combustion~~ *combustion, including by third parties*, of
8 fossil fuels or petroleum products.

9 (g) “Covered period” means the time period between January
10 1, 1990, and December 31, 2024, inclusive.

11 (h) “Fossil fuel” means coal, crude oil, petroleum products, or
12 fuel gases, or their byproducts.

13 (i) “Fuel gas” includes, but is not limited to, methane, natural
14 gas, liquefied natural gas, and manufactured fuel gas.

15 (j) “Fund” means the Polluters Pay Superfund ~~Fund~~ established
16 pursuant to Section 71372.

17 (k) “Greenhouse gas” has the same meaning as set forth in
18 Section 38505 of the Health and Safety Code.

19 (l) “Notice of cost recovery demand” means a written or
20 electronic communication informing a responsible party of the
21 amount of cost recovery demand due, payable to the fund.

22 (m) “Petroleum products” means a liquid hydrocarbon at
23 atmospheric temperature and pressure that is the product of the
24 fractionation, distillation, or other refining or processing of crude
25 oil and that is used as, useable as, or may be refined as, a fuel or
26 fuel blendstock, including, but not limited to, gasoline, diesel fuel,
27 aviation fuel, bunker fuel, and renewable fuels containing more
28 than 5 percent petroleum products.

29 (n) “Program” means the Polluters Pay Climate Superfund
30 Program established pursuant to Section 71371.

31 (o) (1) “Qualifying expenditures” means expenditures for
32 projects and programs within the state to mitigate, adapt, or respond
33 to the damages and harms from climate change, as well as ongoing
34 operation and maintenance for those projects or programs that
35 satisfy the regulations adopted pursuant to Section 71373.2.

36 (2) Qualifying expenditures shall include all reasonable costs
37 incurred by the agency and other public agencies for administering
38 and implementing projects or programs financed by the fund.
39 Administrative costs shall not exceed 10 percent for any project
40 or program financed by the fund.

(3) Qualifying expenditures shall ~~include, but are not limited to,~~ include expenditures for projects and programs that ~~do~~ mitigate or adapt to climate change and its impact to the state, local and tribal governments, and California residents. Qualifying expenditures include, but are not limited to, investments in any of the following:

~~(A) Mitigate climate change and its impacts to state, local, and tribal governments and California residents, such as through energy efficiency, natural systems climate resilience, accelerating the transition to clean energy sources, building and infrastructure decarbonization, distributed energy generation and storage, or zero-emission transportation and infrastructure, including public transit.~~

~~(B) Adapt to climate change and its impacts to state, local, and tribal governments and California residents, such as through sustainable community infrastructure, green workforce development, sustainable agricultural practices, or financial support programs for workers whose livelihoods are impacted by climate change, or job training and support for workers who provide essential services during climate disaster.~~

~~(C) Address climate-fueled disaster response and climate-resilient recovery.~~

(A) Community disaster preparedness, response, and recovery, that includes any of the following:

(i) Hardening of structures in existing, at-risk, and recovering communities.

(ii) Evacuation planning and design.

(iii) Postdisaster soil and water remediation.

(iv) Emergency housing, health, and medical response.

(v) Sustainable community planning and infrastructure, including community resilience centers, affordable infill housing, and public services funding to support emergency services and disaster response.

(B) Energy efficiency and resiliency, including, climate-resilient schools, electric school buses, vehicle-to-grid bidirectionality, microgrids, community solar, accelerating the transition to clean energy sources, zero-emission infrastructure, including public transit, or building and infrastructure decarbonization.

(C) Green workforce development and job training, and support for first responders and essential workers during climate disasters,

1 *financial support programs for workers whose livelihoods are*
2 *impacted by climate change.*

3 (D) *Regenerative agricultural practices.*

4 (E) *Natural system protections, such as preservation or*
5 *nonextractive restoration of shrublands, forests, grasslands,*
6 *deserts, or riparian areas, groundwater recharge or storage, or*
7 *instream flow projects.*

8 (p) “Responsible party” means an entity, including, but not
9 limited to, an individual, trustee, agent, partnership, association,
10 corporation, or other legal organization, including a foreign nation,
11 that satisfies all of the following conditions:

12 (1) (A) The entity holds or held a majority ownership interest
13 in a business engaged in extracting or refining fossil fuels during
14 the covered period or is a successor in interest to the entity.

15 (B) For purpose of subparagraph (A), entities in a commonly
16 controlled group, as defined in Section 25105 of the Revenue and
17 Taxation Code, shall be treated as a single entity for purposes of
18 this subdivision and shall be jointly and severally liable for the
19 payment of any cost recovery demand owed by any entity in the
20 commonly controlled group.

21 (2) During any part of the covered period, the entity did business
22 in the state or otherwise had sufficient contacts with the state to
23 give the state jurisdiction over the entity pursuant to Section 410.10
24 of the Code of Civil Procedure.

25 (3) The agency determines that ~~the entity is responsible for~~ more
26 than one billion metric tons of covered fossil fuel emissions, in
27 aggregate globally, *are attributable to the entity* during the covered
28 period.

29 (q) “Total damage amount” means the costs determined by the
30 agency in its climate cost study of past and future climate damages
31 and harms from January 1, 1990, up to, and including, December
32 31, 2045, ~~resulting from~~ *attributable to* covered fossil fuel
33 emissions.

34
35 CHAPTER 2. POLLUTERS PAY CLIMATE SUPERFUND PROGRAM
36

37 71371. (a) There is hereby established the Polluters Pay
38 Climate Superfund Program to be administered by the agency.

39 (b) The purpose of the program is to require fossil fuel polluters
40 to pay their fair share of the damage caused by covered fossil fuel

1 emissions, thereby relieving a portion of the burden to address
2 costs otherwise borne by current and future California taxpayers.

3 71371.1. (a) A responsible party, as determined by the agency
4 pursuant to Section 71371.2, shall be strictly liable for a cost
5 recovery demand.

6 (b) Beginning January 1, 2026, each responsible party shall pay
7 to the agency its cost recovery demand established pursuant to
8 Section 71371.4.

9 71371.2. Within 90 days of the effective date of this part, the
10 agency shall determine and publish on its internet website a list of
11 responsible parties subject to this part. The agency may update the
12 list from time to time, as appropriate.

13 71371.3. (a) The agency shall conduct or commission a climate
14 cost study and the study shall be completed within one year of the
15 effective date of this part.

16 (b) The climate cost study shall include, at a minimum, an
17 evaluation of all of the following:

18 (1) (A) The cost-driving effects of covered fossil fuel emissions
19 on ~~the state, local, local~~ *local* and tribal ~~governments~~ *governments*, and
20 California residents, including effects on public health and safety,
21 biodiversity and ecosystems, agriculture and food systems, water,
22 wildfire, the built environment, economic development, and any
23 other effects that may be relevant.

24 (B) The evaluation shall be based on a review of existing best
25 peer-reviewed and publicly available science on climate impacts
26 and costs, including climate attribution science and methodologies,
27 California's Fourth Climate Change Assessment, information
28 available from ~~the California's~~ *California's* ongoing Fifth ~~National~~ *National* Climate
29 *Change* Assessment, and any future relevant assessments.

30 (C) Climate impacts, including, but not limited to, extreme
31 weather events, such as heat waves, droughts, and flooding, sea
32 level rise, air and water temperature shifts, changes in wildfire,
33 such as to area burned, smoke, air quality, and damage to
34 communities, and related economic impacts, such as agricultural
35 and food system costs, health costs, housing insurability,
36 affordability, and access, shall be considered in the evaluation.

37 (2) A calculation of the costs incurred since January 1, 1990,
38 and projected to be incurred into the future up to, and including,
39 December 31, 2045, within the state for effects identified under
40 paragraph (1).

1 (3) A list to identify potential harms and impacts incurred since
2 January 1, 1990, and projected to be incurred into the future up
3 to, and including, December 31, 2045, within the state ~~from~~
4 *attributable to* covered fossil fuel emissions, that are not yet
5 quantifiable using current best available scientific methodologies,
6 for consideration in future updates as science and quantification
7 methods evolve.

8 (4) A calculation of the total damage amount.

9 (5) An assessment of potential qualifying expenditures meeting
10 the requirements of Section 71371.6.

11 (c) The agency shall update the climate cost study using the
12 best publicly available peer-reviewed science, data, and
13 methodology, not less frequently than every five years, through
14 January 1, 2045.

15 (d) The agency shall, in accordance with Section 9795 of the
16 Government Code, submit to the Legislature the climate cost study
17 and update.

18 71371.4. (a) Within 60 days of the completion of the climate
19 cost study, the agency shall determine and assess a cost recovery
20 demand upon each responsible party by doing all of the following:

21 (1) Quantify covered fossil fuel emissions attributable to each
22 responsible party based on publicly reported data on the operations
23 and production of the fossil fuel industry and the best available
24 and most up-to-date Intergovernmental Panel on Climate Change
25 emissions factors for greenhouse gas inventories.

26 (2) Establish the proportionate share percentage of each
27 responsible party as equal to the ratio of the responsible party's
28 covered fossil fuel emissions to covered fossil fuel emissions
29 globally.

30 (3) Establish a cost recovery demand for each responsible party
31 in an amount equal to the proportionate share percentage of the
32 responsible party as determined pursuant to paragraph (2)
33 multiplied by the total damage amount determined pursuant to the
34 climate study or its update prepared pursuant to Section 71371.3.

35 (b) Within 60 days of an update of the climate cost study, the
36 agency shall update and adjust, as necessary, the quantification
37 and determinations made pursuant to subdivision (a).

38 (c) (1) The notice of cost recovery demand shall inform the
39 responsible party of its obligation to remit the cost recovery
40 demand, or any adjustment to the cost recovery demand, in full,

1 on or before the annual payment date of the calendar year in which
2 the notice is issued or the next calendar year if the provided notice
3 is issued less than 60 days before the annual payment date.

4 (2) A responsible party may elect to pay its cost recovery
5 demand in 20 installments by providing written notice of its
6 election and submission of at least 10 percent of the cost recovery
7 demand on or before the annual payment date of the calendar year
8 in which the initial notice is issued or the next calendar year if the
9 notice is issued less than 60 days before the annual payment date.

10 The remaining balance shall be paid in equal installments that are
11 due on or before the annual payment of each calendar year after
12 the initial payment.

13 (3) The unpaid balance of all remaining installments shall
14 become due immediately if any of the following occurs:

15 (A) The responsible party fails to pay any installment by the
16 due date pursuant to this subdivision.

17 (B) Except as provided in paragraph (4), there is a liquidation
18 or sale of substantially all the assets of the responsible party.

19 (C) The responsible party ceases to do business.

20 (4) In the case of a sale of substantially all the assets of a
21 responsible party, the remaining installments shall not become due
22 immediately if the buyer enters into an agreement with the agency
23 under which the buyer assumes liability for the remaining
24 installments due under paragraph (2) in the same manner as if the
25 buyer was the responsible party.

26 (5) If an update to the climate cost study results in an adjustment
27 to the responsible party's cost recovery demand, the agency shall,
28 within 60 days, issue a revised written notice of cost recovery
29 demand notifying the responsible party of the adjusted payment
30 due.

31 (6) Payment of the cost recovery demand may be stayed by the
32 agency or a court pending administrative or judicial resolution, as
33 applicable, of a challenge filed under Section 71371.5.

34 71371.5. (a) The agency shall establish procedures for an entity
35 to challenge its designation as a responsible party under Section
36 71371.2 or its cost recovery demand established pursuant to Section
37 71371.4.

38 (b) The agency may adjust a responsible party's cost recovery
39 demand if the responsible party establishes, to the satisfaction of
40 the agency, both of the following:

1 (1) A portion of ~~the~~ *its* cost recovery demand amount is
2 attributable to ~~the refining of crude oil fossil fuel~~ extracted by
3 another responsible party.

4 (2) The ~~crude oil fossil fuel~~ extracted by the other ~~entity~~
5 *responsible party* was accounted for when the agency determined
6 the cost recovery demand amount for the other ~~entity or the~~
7 ~~successor in interest of the other entity~~; *responsible party*.

8 (c) This section does not limit a real party's right to seek judicial
9 review of a determination made by the agency, except that no civil
10 action shall be maintained under this part unless it is commenced
11 within 30 days after the claim accrued.

12 71371.6. The agency shall establish funding criteria and
13 guidelines in accordance with the climate cost study for programs
14 and projects that are eligible as qualifying expenditures funded
15 from moneys collected pursuant to this chapter.

16 71371.7. Until December 31, 2045, every five years after the
17 effective date of this part, the Legislative Analyst's Office shall
18 conduct an independent evaluation of the Polluters Pay Climate
19 Superfund Program to be provided to the Governor, the President
20 pro Tempore of the Senate, and the Speaker of the Assembly. The
21 purpose of this evaluation shall be to determine the effectiveness
22 of the program in achieving its purposes as described in this chapter
23 and to provide recommendations for improving program
24 administration.

25
26 CHAPTER 3. POLLUTERS PAY CLIMATE SUPERFUND ~~FUND~~
27

28 71372. (a) There is hereby established the Polluters Pay
29 Climate Superfund ~~Fund~~ in the State Treasury. Moneys in the fund
30 shall, upon appropriation by the Legislature, be used to implement
31 the program pursuant to Chapter 2 (commencing with Section
32 71371), including qualifying expenditures, and to reimburse any
33 outstanding loan made from other funds used to finance the initial
34 costs of the agency's activities in implementing this part. Moneys
35 in the fund shall not be expended for any purposes not specified
36 in this part.

37 (b) Moneys collected pursuant to Chapter 2 (commencing with
38 Section 71371) or Chapter 4 (commencing with Section 71373)
39 shall be deposited into the fund.

1 71372.1. Moneys in the fund shall be expended on qualifying
2 expenditures in accordance with the findings of the climate cost
3 study and updates to the study and guidelines and criteria
4 established pursuant to Section 71371.6 so that both of the
5 following occur:

6 (a) Not less than 40 percent of the moneys are expended for
7 projects and programs that directly benefit disadvantaged
8 communities, as defined by the agency, facing climate impacts.

9 (b) Programs and projects funded by the fund include the
10 assessment and implementation of strategies to increase
11 employment opportunities and improve job quality.
12

13 CHAPTER 4. MISCELLANEOUS PROVISIONS 14

15 71373. Within 45 days of the effective date of this part, the
16 Director of Finance shall perform an initial assessment of the
17 reasonable and appropriate initial implementation costs as
18 described in Section 71373.3.

19 71373.1. In implementing this part, the agency shall conduct
20 regular consultations with the Integrated Climate Adaptation and
21 Resiliency Program, the State Air Resources Board and the
22 Environmental Justice Advisory Committee of that state board,
23 the State Water Resources Control Board, the Natural Resources
24 Agency, the State Energy Resources Conservation and
25 Development Commission, the Office of Emergency Services, the
26 Strategic Growth Council, the State Department of Public Health,
27 the Office of Environmental Health Hazard Assessment, the
28 California Coastal Commission, *the Public Utilities Commission*,
29 the Attorney General, and other appropriate public agencies and
30 nongovernmental entities.

31 71373.2. (a) Within 180 days of the effective date of this part,
32 the agency shall adopt all regulations, including those establishing
33 requirements for projects and programs eligible for funding from
34 the fund, necessary to carry out this part.

35 (b) The agency may prescribe, adopt, and enforce any
36 emergency regulations as necessary to implement, administer, and
37 enforce its duties under this part. Emergency regulations prescribed,
38 adopted, or enforced pursuant to this part shall be adopted in
39 accordance with Chapter 3.5 (commencing with Section 11340)
40 of Part 1 of Division 3 of Title 2 of the Government Code, and,

1 for purposes of that chapter, including Sections 11349.1 and
2 11349.6 of the Government Code, the adoption of the regulation
3 is an emergency and shall be considered by the Office of
4 Administrative Law as necessary for the immediate preservation
5 of the public peace, health and safety, and general welfare.
6 Notwithstanding any other law, the emergency regulations adopted
7 by the California Environmental Protection Agency may remain
8 in effect for two years from adoption.

9 71373.3. (a) Within 120 days of the effective date of this part,
10 the agency shall determine the initial implementation costs,
11 including the costs of the initial climate cost study, the development
12 and adoption of regulations to implement this part, and other
13 appropriate initial program implementation costs.

14 (b) The agency shall equitably assess a charge on the responsible
15 parties for the full amount of the agency's initial implementation
16 costs determined pursuant to subdivision (a). The agency shall
17 notify responsible parties of the charge.

18 (c) Within 60 days of the notification, each responsible party
19 shall remit the charge to the agency for deposit into the fund.

20 (d) A responsible party's payment of the charge may be stayed
21 by the agency or a court pending administrative or judicial
22 resolution, as applicable, of a challenge filed under Section
23 71371.5.

24 71373.4. The agency and the Attorney General shall have the
25 authority to enforce the requirements of this part and to assess fees
26 for late payments of cost recovery demands pursuant to Chapter
27 2 (commencing with Section 71371) or the charge assessed under
28 Section 71373.3. The late fees shall accrue daily, assessed at the
29 rate of 10 percent per annum, on amounts remaining due.

30 71373.5. The Secretary of State shall have the authority to
31 revoke or suspend the business license of a responsible party that
32 fails to comply with this part.

33 71373.6. (a) This part does not do either of the following:

34 (1) Relieve the liability of an entity for damages resulting from
35 climate change, as provided by law.

36 (2) Preempt, displace, or restrict any rights or remedies of a
37 person, the state, units of local government, or tribal government
38 under law relating to a past, present, or future allegation of any of
39 the following:

1 (A) Deception concerning the effects of fossil fuels on climate
2 change.

3 (B) Damage or injury resulting from the role of fossil fuels in
4 contributing to climate change.

5 (C) Failure to avoid damage or injury related to climate change,
6 including claims for nuisance, trespass, battery, design defect,
7 negligence, failure to warn, or deceptive or unfair practices and
8 claims for injunctive, declaratory, monetary, or other relief.

9 (b) This part does not preempt or supersede any state law or
10 local ordinance, regulation, policy, or program, including, but not
11 limited to, those that do any of the following:

12 (1) Limit, set, or enforce standards for emissions of greenhouse
13 gases.

14 (2) Monitor, report, or keep records of emissions of greenhouse
15 gases.

16 (3) Collect revenue through fees or levy taxes.

17 (4) Conduct or support investigations.

18 71373.7. The remedies provided in this part are in addition to
19 other remedies provided by law. This part does not limit a party's
20 right, including the agency, other governmental bodies, or private
21 individuals, from pursuing civil action or other remedies provided
22 by law, or to capture additional costs not recovered by this part.

23 71374. The provisions of this part are severable. If any
24 provision of this part or its application is held invalid, that
25 invalidity shall not affect other provisions or applications that can
26 be given effect without the invalid provision or application.

27 SEC. 4. This act is an urgency statute necessary for the
28 immediate preservation of the public peace, health, or safety within
29 the meaning of Article IV of the California Constitution and shall
30 go into immediate effect. The facts constituting the necessity are:

31 To fund and implement measures to address the immediate,
32 ongoing threats to public safety, and the health and welfare of the
33 people, the environment, and the State of California from climate
34 change, it is necessary for this act to take effect immediately.