

STAFF REPORT

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CONSIDER SUPPORTING AB 552 (STONE) IN THE 2019-20 LEGISLATIVE SESSION THAT WOULD ESTABLISH THE COASTAL ADAPTATION, ACCESS, AND RESILIENCE PROGRAM

SUMMARY:

The Commission collects revenue from oil and gas extraction activities on state tidelands and some legislatively granted lands. Most of the revenue is deposited into the General Fund. This bill would redirect a minimum of 30 percent of that revenue, known as tideland oil revenue, to a newly established Coastal Adaptation, Access, and Resilience Program to fund the state's sea-level rise and coastal adaptation work.

BACKGROUND AND DISCUSSION:

The bill creates and funds a Coastal Adaptation, Access, and Resilience Program. It authorizes the California Coastal Commission, the Natural Resources Agency, the Ocean Protection Council, the Department of Parks and Recreation, the State Coastal Conservancy, and the State Lands Commission to expend Program money to take actions consistent with the guidelines and recommendations in the Fourth Climate Change Assessment and the Safeguarding California 2018 (or most recent) update.

The bill requires the California Natural Resources Agency to provide information on a website about activities that were funded, including specifying the agency that received funding, each activity funded, the amount allocated, and the timeline and cost for completion. Activities funded must be consistent with the state's environmental justice laws and may be used for planning costs and to provide technical assistance. The California Natural Resources Agency may coordinate with the California Coastal Commission, the Ocean Protection Council, and the State Coastal Conservancy to compile data on the outcomes and accomplishments of any activity funded and provide that data and information to legislative committees.

The Commission manages offshore oil and gas leases that were issued decades ago and, with a few exceptions, deposits royalty revenue from them into the General Fund. This bill would require, for the 2020–21 fiscal year and annually after that, that the Commission transfer a minimum of 30 percent of the revenue into the Coastal Adaptation, Access, and Resilience Program. Redirecting

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tideland oil revenue to other purposes has occurred in the past. Until 2006, tideland oil revenue was distributed to various programs, including the Housing Trust Fund, the Resources Trust Fund for Salmon and Steelhead Trout Restoration, marine reserve management, deferred maintenance for state parks, and the Natural Infrastructure Fund. The practice of allocating tideland oil revenues to specific programs and projects was repealed in the midst of the Great Recession. Since then, most of the revenues have been deposited into the General Fund. In 2017, however, SB 44 (Jackson, Chapter 645, Statutes of 2017) required that \$2 million in tideland oil revenue be transferred to the State Lands Commission until January 2028 to administer a coastal hazard removal and remediation program.

California's coastline is already changing and will continue to do so as the sea level rises, with many consequences for Public Trust lands and resources. It will not be easy to adapt to sea-level rise or climate change. Substantial financial investment and coordinated planning among California's resource and land management and regulatory agencies will be required. Because climate change is due, in part, to the burning of fossil fuels, the connection between investing revenues derived from oil and gas extraction activities on State-owned lands into sea-level rise adaptation and climate change preparedness is clear. If tidelands revenues continue as expected, the projected funding available from this bill is estimated to be just under \$27 million in fiscal year 2020-21, with redirected revenues declining proportionally as oil production declines. Current projections predict about \$16.5 million in fiscal year 2023-24 and beyond. Using this revenue—associated with the extraction of oil and gas resources on the State's Public Trust lands—to minimize and mitigate climate change impacts would help California meet this great challenge.

The Commission has a distinct role to play in enabling coastal areas to adapt to sea-level rise and climate change impacts. The Commission incorporates climate change and sea-level rise considerations into its program areas and decisions that affect non-granted Public Trust lands. It is also working to ensure resiliency of Public Trust resources on State lands granted to local jurisdictions by collecting sea-level rise vulnerability assessments from grantees this summer (pursuant to [AB 691](#)). The Commission will use this information to conduct a statewide evaluation of at-risk Public Trust resources and adaptation options. The results will be shared with coastal resource management agencies and inform recommendations for coordinated actions and policies that can support implementation of local adaptation measures. AB 552 could bolster the work that the Commission already does by providing funds to build resiliency for Public Trust resources, such as beaches, coastal habitats, public access, and water-dependent critical infrastructure. Examples of adaptation measures this bill could

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fund are projects that enhance flood protection, preserve habitats, and invest in infrastructure located in vulnerable or disadvantaged communities.

AB 552 is supported by 7th Generation Advisors, Audubon California, the California State Parks Foundation, the Center for Oceanic Awareness, Research, & Education, the Clean Water Action, Defenders of Wildlife, Plastic Pollution Coalition, Sierra Club California, the 5 Gyres Institute, the Nature Conservancy, and the Trust for Public Land. There is no known opposition. In May, the Assembly approved AB 552 on a bipartisan 63-12 vote, and in June, the Senate Natural Resources and Water Committee approved the bill. It is pending in the Senate Appropriations Committee.

RECOMMENDED ACTION:

Staff recommends that the Commission support AB 552 (Stone) to establish and fund the Coastal Adaptation, Access, and Resilience Program.