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California State Senate

SENATOR
DAVE CORTESE
FIFTEENTH SENATE DISTRICT



CHAIR
TRANSPORTATION

COMMITTEES
EDUCATION
HOUSING

LABOR, PUBLIC EMPLOYMENT
& RETIREMENT
LEGISLATIVE ETHICS
PUBLIC SAFETY

May 5, 2026

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

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

Dear Chair and Board Members,

As the Chair of the Senate Transportation Committee, I am deeply 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 and threaten our ability to deliver the nation's first high speed rail system.

When the Legislature reauthorized the Cap & Invest program last year through AB 1207 (Irwin) and SB 840 (Limon), we prioritized funding to deliver the California High Speed Rail project, support regional transit capital projects, and expand transit service. SB 840 explicitly reserves \$1 billion annually from the auction of Cap & Invest allowances for the High Speed Rail project, until 2045. It also sets 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). These programs serve communities across the state, support middle-class jobs, and reduce greenhouse gas emissions.

CARB's April 14th regulatory proposal undermines the Legislature's intent to support transit and high-speed rail. CARB's revenue estimates show shortfalls in all tiers to fully fund SB 840's commitments. In fact, under this revenue scenario, there could be ***zero funding available for TIRCP and LCTOP***, and High Speed Rail's minimum funding amount of \$1 billion would be mathematically unworkable without impairing funds reserved for other legislative priorities.

The 2026 Draft HSR Business Plan shows that a minimum of \$1 billion is critical to meet project timelines. The draft plan also indicates the Authority's need to securitize GGRF revenue reserved for the project in order to bring forward funds needed to complete the first phase of the project. Bonding against any funding source requires absolute certainty.

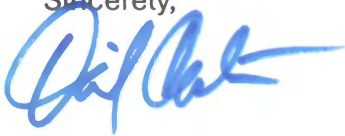
CARB's proposed changes to the program could jeopardize the future of the project that the Governor and Legislature clearly prioritized in reauthorizing the Cap & Invest program. As Chair of the Senate Transportation Committee, I am unwilling to concede that outcome.

In addition, this raises important questions that have not been adequately answered in the short time since the revised regulation was released for public comment. It also clearly demonstrates that the full implications of this rulemaking have not been considered on a holistic basis across the many affected agencies, programs, and state priorities.

There is no guarantee CARB's proposal will result in lower gas and energy bills for consumers. Giving the energy industry a break on estimated auction proceeds instead of investing in proven programs is penny-wise and pound foolish and a step backwards to meeting our goals.

For all these reasons, I urge CARB to revise their proposal to ensure the will of the legislature is reflected and that vital investments in our communities prioritized by the legislature remain viable. Otherwise, your actions could trigger a significant and contentious legislative response.

Sincerely,



Dave Cortese
California State Senate, District 15

Cc:

Honorable Governor Gavin Newsom
Honorable pro Tem Monique Limon, California State Senate
Honorable Speaker Robert Rivas, California State Assembly
Honorable Catherine Blakespear, Chair, Senate Environmental Quality Committee
Honorable Eloise Reyes, Chair, Budget and Fiscal Subcommittee No. 2 on
Resources, Environmental Protection
Honorable Steve Bennett, Chair, Budget and Fiscal Subcommittee No. 4 on Climate
Crisis, Resources, Energy, and Transportation
Honorable Lori Wilson, Chair, Assembly Transportation Committee
Members of the Senate Transportation Committee