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May 21, 2025

The Honorable Scott Wiener
Chair, Senate Committee on Budget and Fiscal Review
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Jesse Gabriel
Chair, Assembly Committee on Budget
1021 O Street, Suite 8230
Sacramento, CA 95814

The Honorable Benjamin Allen
Chair, Senate Budget and Fiscal Review Subcommittee No. 2 on Resources,
Environmental Protection and Energy
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Steve Bennett
Chair, Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources,
Energy and Transportation
1021 O Street, Suite 8230
Sacramento, CA 95814

**Re: 2025-26 CAPCOA Comments on May Revision Proposal – Funding
Priorities – Air Quality, Climate, and Public Health**

Dear Chairs Wiener, Gabriel, Allen, and Bennett:

On behalf of the California Air Pollution Control Officers Association (CAPCOA), representing the Executive Officers from all 35 local air districts, I am writing to share our comments on the May Revision to the Governor's proposed January budget. As we have long advocated, programs that yield the highest emissions reductions per dollar spent — those that most expediently address our air quality, public health, and climate challenges — should be prioritized for funding from the Greenhouse Gas Reduction Fund. Unfortunately, with the elimination of funding for the AB 617 Community Air Protection Program, no funding identified for the FARMER, Clean Cars 4 All, and Woodsmoke Reduction programs, the May Revision is a step in the wrong direction in California's effort to clean the air and address climate change expeditiously.

We appreciate the investments made thus far in programs that provide significant air quality and climate benefits, especially in communities disproportionately affected by these issues. Increasing investments in key, cost-effective programs implemented by air districts are essential to ensuring California continues to make progress toward its air quality and climate goals. With U.S. EPA adopting a much more stringent PM2.5 standard and recent difficulties in the state's ability to further reduce mobile source emissions through regulatory measures, there is increased urgency in identifying and investing in cost-effective emission reduction programs to ensure that air quality goals are met. Considering the state's current budget situation, we believe it is even more critical that investments are made in programs yielding maximum benefits for limited dollars. Unfortunately, with more than a billion dollars for the next several years identified to backfill programs that may have merit but do not necessarily have meaningful climate and direct public health benefits, we believe the 2024-25 GGRF funding plan falls short of meeting this need and the May Revision pushes us even further away from achieving our shared public health and climate goals. While we applaud the Administration's willingness to reconsider GGRF-funded continuous appropriations, we believe revisions to those appropriations must ensure that cost-effective programs are selected for funding that maximize air quality, public health, and climate benefits.

As noted by the Legislative Analyst's Office¹ in its review of the 2022-23 proposed Zero-Emission Vehicle Package, three air district-implemented programs rank at the top of mobile source incentive programs for cost-effectively reducing **both** criteria air pollutants and Greenhouse Gases (GHGs) — the Carl Moyer Memorial Air Quality Standards Attainment program (Carl Moyer program), the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) program, and the AB 617 Community Air Protection program (AB 617 program). Furthermore, the historically cost-effective Woodsmoke Reduction Program provides significant benefits to air quality and the climate. Maintaining California's commitment to proven, fiscally sound programs will provide a multitude of benefits; we can cost-effectively improve public health in disadvantaged communities by reducing air pollution and toxics, while also making significant progress in reducing GHGs and meeting our climate goals.

Assembly Bill 617 Community Air Protection Program Funding

CAPCOA strongly opposes the proposed elimination of funding and recommends providing \$300 million for Incentives and \$60 million for Implementation (GGRF)

The air districts continue to work diligently with communities to implement this worthy community-focused program that is improving the lives of people disproportionately impacted by air pollution and toxic air contaminants. Eliminating implementation and incentive funding would mean that the program would grind to a halt, guaranteeing its failure. As noted above, the AB 617 program is not only at the top of the mobile incentive program list for cost-effectively reducing air pollution but is also one of the most cost-effective programs for reducing GHGs. To sustain this successful trajectory, continuous and commensurate funding for all aspects of the program must be made available, particularly as the program expands to include additional communities. CAPCOA is grateful for the \$50 million in implementation funding and \$195 million in incentive funding provided in the 2024-25 budget. Still, we note that there was \$10 million less for implementation and \$39 million less for incentives compared to the previous year, making timely program implementation even more challenging. Expanding the program to include additional communities makes full funding even more crucial, especially at a time when the federal government is withdrawing its support from our most vulnerable communities. Stopping progress in the AB 617 program means our most vulnerable communities are being left even further behind. With the recent addition of more communities, fully funding this program is critical to ensure program viability and success. In fact, without funding, it is not possible to support additional communities while implementing commitments made to the 19 existing AB 617 communities.

¹ <https://lao.ca.gov/reports/2022/4561/Zero-Emission-Vehicle-Package-022322.pdf>

AB 617 prioritizes disadvantaged communities throughout the state and connects community representatives with regulators to identify and implement community-driven air quality programs. Sufficient and continuous implementation and incentive funding are critical to ensuring program success. Without sufficient funding, we will not have the necessary resources to implement community emission reduction programs, which will ultimately result in failure to meet program emission reduction goals, prolonging negative health impacts in these communities.

To ensure the success of the AB 617 program, which will provide public health benefits in communities and support underlying climate goals, we urge allocating \$300 million in incentive funding per year and restoring implementation funding to the 2023-24 level of \$60 million per year.

Funding Agricultural Diesel Replacement and Upgrades (FARMER) Program

The Governor's proposed May Revision does not include funding. CAPCOA recommends providing \$200 million for Incentives per Year for Five Years (GGRF)

The FARMER program provides funding through local air districts to reduce emissions from agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors and other equipment used in agricultural and forestry operations. It is a potent, highly cost-effective mobile source incentive program that reduces air pollution and GHGs, resulting in both public health and climate benefits. Incentives for purchasing the cleanest available vehicles and equipment are crucial to achieving emissions reductions of criteria air pollutants, toxic air contaminants, and GHGs from the agricultural sector necessary to meet health-based federal and state air quality standards and California's climate goals. Since 2017, 6,227 tractors/harvesters, 3,731 agricultural utility terrain vehicles, 294 agricultural trucks and 100 irrigation pump engines have been cleaned up, resulting in reductions of 389,000 metric tons of CO₂ emissions, 28,100 tons of Nitrogen Oxide (NO_x) and 1,650 tons of fine particulate matter (PM_{2.5}), an air toxic contaminant, with 69% of the funding benefitting disadvantaged and low-income communities.

Unfortunately, funding was slashed to just \$2 million in the 2024-25 budget, resulting in a missed opportunity to improve public health and achieve significant GHGs reductions. This dramatic reduction is in addition to a fifty percent reduction from \$150M in the 2022-23 budget to \$75M for 2023-24. This efficient, effectively proven program is oversubscribed, and we strongly urge you to invest \$200 million per year over the next five years. Doing so will achieve an estimated reduction of eight tons of NO_x per day in communities throughout the state, with the majority of this reduction occurring in the state's most disadvantaged communities. In addition, we estimate this investment will achieve 800,000 tons of CO₂ equivalent emissions reductions, which will provide much-needed progress towards California's ambitious climate goals.

Woodsmoke Reduction Program

The Governor's proposed May Revision does not include funding. CAPCOA recommends providing \$20 Million for Incentives (GGRF)

Short Lived Climate Pollutants (SLCP) like black carbon have an outsized effect on global warming due to their extremely high potency. CARB data shows that black carbon emissions from residential wood combustion are forecast to be the most significant individual human-made source of SLCP in 2030, accounting for a quarter of anthropogenic black carbon emissions. Additionally, wood stove combustion results in PM_{2.5} emissions, which, due to their small size, can lodge deeply in individuals' lungs, exacerbating health conditions like asthma, emphysema, and cancer. CAPCOA emphasizes that U.S. EPA recently revised its PM_{2.5} National Ambient Air Quality Standard (NAAQS) to a more health-protective 9 microgram standard, which will result in additional need to reduce these types of emissions. Unfortunately, for many parts of California, wood heating devices continue to be relied on as either a primary source of home heating or as a supplement to other types of home heating.

According to 2020 Energy Information Administration (EIA) data, over one million homes in California still use wood as their primary source of fuel.

Residents throughout California will benefit from replacing inefficient and uncertified wood heating devices with cleaner, more efficient technologies which cost-effectively provide quantifiable reductions in GHGs, short-lived climate pollutants, and criteria pollutants, including PM2.5. Heat pumps, for example, which are a qualifying technology under the program, improve indoor air quality, save energy, and reduce GHG emissions, particulate matter, toxics emissions, as well as our reliance on fossil fuels. Heat pumps use as little as one quarter (25%) of the energy compared to traditional heating appliances. In addition to providing heat, heat pumps can also provide cooling, which helps reduce adverse climate impacts, such as extreme heat. However, the benefits of improved technologies, such as heat pumps, come with higher upfront costs compared to traditional heating options. The average cost for a heat pump installation is approximately \$17,000 per installation, as compared to \$2,500 for a certified wood stove replacement – a nearly seven-fold cost increase. Providing funding for these types of clean technologies will help residents overcome the high upfront costs. Funding for this program is crucial in supporting the many individuals residing in low-income and disadvantaged communities throughout California in their transition to clean and efficient home heating systems.

The state has previously invested \$5 million annually in local air agencies to operate incentive programs, encouraging residents to replace old wood-burning stoves with more efficient and cleaner home heating devices. However, the last two state budgets provided no funding. To recover those lost opportunities and better meet the need for more efficient and environmentally friendly heating and cooling, CAPCOA requests \$20 million for these local programs in this year's budget. This program is an ideal candidate that meets the legislative goals for ongoing funding from California's Greenhouse Gas Reduction Fund.

Lastly, CAPCOA requests that you include funding for Clean Cars 4 All, which offers incentives to help lower-income consumers living in priority populations to replace their older, higher-polluting vehicles with newer and cleaner transportation. Participants may purchase or lease a new or used hybrid, plug-in hybrid, or zero-emission vehicle, including battery electric and fuel cell electric options; alternative mobility options are also available. Clean Cars 4 All has been proven to effectively reduce emissions from the mobile source sector, providing direct benefits to lower-income consumers and priority communities.

We respectfully urge you to prioritize funding for these air quality programs, which protect public health and provide climate benefits. CAPCOA welcomes the opportunity to discuss our suggestions further. Should you or your staff have any questions, please do not hesitate to contact me at (530) 527-3731 or our Legislative Advocate, Brendan Twohig at (916) 492-9363.

Sincerely,



Joseph Tona
President

Cc: The Honorable Mike McGuire, President Pro Tempore, California State Senate
The Honorable Robert Rivas, Speaker of the California State Assembly
Members, Senate Budget and Fiscal Review Subcommittee No. 2 on Resources,
Environmental Protection and Energy
Members, Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and
Transportation
Yana Garcia, Secretary for Environmental Protection
Liane M. Randolph, Chair, California Air Resources Board
Grant Mack, Deputy Legislative Secretary, Office of Governor Newsom
Lauren Sanchez, Senior Advisor for Climate, Office of Governor Newsom
Joe Stephenshaw, Director, Department of Finance
Matt Almy, Program Budget Manager, Natural Resources, Environment and Capital Outlay