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August XX, 2025

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

State Capitol
P.O. Box 942849
Sacramento, CA 94249-0029

Senate President Pro Tempore Mike McGuire
1021 O Street., Suite 8518
Sacramento, CA 95814

Speaker of the Assembly Robert Rivas

RE: Support Cap & Trade Reauthorization Prioritizing Investments in Climate Safe Infrastructure

Dear Governor Newsom, Pro Tem McGuire, and Speaker Rivas, and members of the Legislature,

On behalf of our broad coalition of business, labor, local government and transit agencies, we write to you today to encourage Legislators and the Newsom Administration to prioritize climate safe infrastructure improvements as you reauthorize and improve the Cap & Trade program.

We support investments in physical and natural infrastructure proven to reduce the greatest amount of greenhouse gas emissions, make California safer and more resilient to the impacts of climate change, while supporting good paying middle class jobs. We also encourage you to keep affordability in mind and ensure that reauthorization does not increase taxes or fees that are ultimately paid by consumers in the form of higher cost of living.

Climate change and extreme weather are already here. We need an improved Cap & Trade program that prioritizes effectiveness and accountability while preserving affordability.

While there are many programs that the current program funds that are deserving of consideration, we believe that investments in the following priorities will deliver the most benefits to California achieving its greenhouse gas reduction goals while also delivering tangible benefits to Californians that improve their day-to-day lives.

State Supported Transit and Rail Infrastructure

- Continuous allocations to capital projects of regional significance with funds to be used to support the buildout of an integrated transit and rail network, including the Transit and Intercity Rail Capital Program (TRICP) and High-Speed Rail.
- Continuous allocations to local and regional transit agencies to support the recovery, stabilization, and growth of transit and rail service statewide, including the Low Carbon Transit Operations Program (LCTOP).

State Wildfire Prevention and Resilience

- Significant allocation to high wildfire risk counties to fund:
 - CAL FIRE Fuels Reduction, fire engine procurement and training for local fire agencies, and mobile equipment management.
 - Statewide wildfire fuel mitigation projects, including landscape-scale reforestation, fuels reduction, pest management, prescribed fire, and forest biomass utilization.
 - Public safety emergency water supply infrastructure.
 - Wood Products and Bioenergy grants and workforce development, including using Greenhouse Gas Reduction Funds to cover the above-market cost of producing bioenergy.
 - Expansion of local fire evacuation routes, including community fire planning and preparedness and wildfire response and readiness.

Local Land Use Infrastructure to Support High Density and Infill Development

- Continuous allocation to local, rural and regional governments to support projects consistent with a sustainable communities strategy, including:
 - Funding for local infrastructure around Transit Oriented Development.
 - Conversion of underutilized urban offices and commercial into housing.
 - Continued funding for state and regional affordable housing, sustainable communities programs and transformative climate communities efforts and programs like Regional Early Action Planning Grants (REAP 2.0).

Climate Adaptation and Sea Level Rise Infrastructure

- Continuous allocation for projects related to climate adaptation, including:
 - Annual allocation for levee improvements and catastrophic flooding prevention.
 - Relocating or replacing existing transportation and other critical infrastructure threatened by sea level rise, such as Highway 37 and Highway 1.
 - Funding to protect coastal airports including LAX, SFO and SAN.

Clean Local Transportation Infrastructure

- Funding for local government to safely implement green transportation infrastructure, including:
 - Hydrogen and EV charging infrastructure.
 - Support for local Active Transportation Infrastructure.
 - Funding for local government and transit clean fleet compliance.
 - Develop network of regional VMT mitigation banks to offset local transportation project costs.

Organic Waste Management

- Assistance to local governments for municipal waste and recycling infrastructure, such as local assistance for organic waste collection and processing including facility siting and permitting.

With the dual crisis of affordability and climate change knocking at our door, we respectfully ask that you prioritize the above investments as you reauthorize the Cap & Trade Program.

Sincerely,

Michael Quigley, Executive Director
California Alliance for Jobs

Carolyn Coleman, CEO & Executive Director
League of California Cities

Michael Pimentel, Executive Director
California Transit Association

Graham Knaus, CEO
California State Association of Counties

Joseph Cruz, Executive Director
California State Council of Laborers

Gustavo Flores, Director of Government Relations
United Contractors

Tyler Munzing, Director of Government Affairs
American Council of Engineering Companies of California

Matt Cremins, Director
California Nevada Conference of Operating Engineers

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Dan Dunmoyer, President & CEO
California Building Industry Association

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Bay Area Council

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California Hispanic Chambers of Commerce

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Peggi Hazlett, CEO
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Arturo Rodriguez, Co-Founder & Executive
Director
Central Valley Empowerment Alliance

Joanne McClasky, Executive Director
Industry Business Council