



April 30, 2026 (Updated on May 13, 2026)

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

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

Chair Sanchez:

We, the undersigned transit agencies, metropolitan planning organizations, and regional transportation planning agencies, write to you today to voice our **significant concerns** with the *Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms (Proposed Amendments)*, released by the California Air Resources Board (CARB) on April 14, 2026. The Proposed Amendments are expected to be considered by CARB at its May 28-29, 2026, monthly meeting.

In 2025, we supported the efforts of the Newsom Administration and Legislature to extend the Cap-and-Trade program beyond 2030. We supported the proposed early action on the extension, as long-time partners to the state in combatting climate change and addressing air quality issues and because we understood that such action was critical to stabilizing the market and continuing investment from the Greenhouse Gas Reduction Fund (GGRF) in key climate programs. As the effort gained traction, we called on the state to maintain ongoing investment from the GGRF in the Affordable

Housing and Sustainable Communities Program (AHSC), Transit and Intercity Rail Capital Program (TIRCP), and Low Carbon Transit Operations Program (LCTOP), noting that these investments reduce greenhouse gas emissions, deliver air quality benefits and travel costs savings, and create jobs (in manufacturing, construction, maintenance, and operations). In our advocacy, we further argued that, as housing and transportation are the two largest household expenses, the state should consider investment in these programs to be part of the solution to California's affordability crisis. We were pleased to see that, consistent with our advocacy, the enacted legislation maintained continuous appropriations from the GGRF for the AHSC, TIRCP, and LCTOP while also committing – for the first time – ongoing funding for air quality initiatives in AB 617 communities.

Today, however, we voice our concerns with the Proposed Amendments' impact to the GGRF, which we believe will, in the upcoming fiscal years, zero out hard-fought annual funding for the AHSC, TIRCP, and LCTOP. More specifically, we estimate that we and the constituencies we serve will lose up to \$1.65 billion in GGRF annually – funding we have relied on for over a decade, without any plan from the state to backfill these losses. To date, these programs have invested a combined \$6.2 billion in projects and services that delivered generational projects, like affordable transit-oriented housing developments, major transit and rail capital projects and zero-emission transit vehicles as well as quality of life improvements, like transit service expansions and discounted transit passes. Most of this investment benefited California's priority populations, with 89% of total AHSC funding and 94% of total TIRCP and LCTOP funding being directed to disadvantaged and low-income communities.

As we understand it, CARB advanced this proposal in the Proposed Amendments in response to calls from some legislators and stakeholders to further address the affordability crisis faced by Californians. In objecting to the proposal, we want to be clear: we agree that the Proposed Amendments should, as called for by AB 1207, address affordability; we believe the Proposed Amendments must apply a broader definition of affordability. To the constituencies we represent and/or serve, addressing affordability requires continued state investment that supports good paying, life-sustaining jobs and means access to affordable housing and transit options, travel timing savings that buy Californians more time with family and friends, and personal health unburdened by the harms of air pollution. Unfortunately, the Proposed Amendments fail on these fronts and regress on the state's efforts to deliver more affordable housing units, more accessible and affordable public transit, and better air quality for our vulnerable communities by gutting key climate programs. **We call on the state to revisit the proposal and maintain robust funding in the GGRF for the AHSC, TIRCP, and LCTOP.**

We know that CARB is balancing numerous objectives with the Proposed Amendments and is working to enact a final regulation that furthers the state's climate and air quality goals while also confronting the challenges faced by regulated industries and everyday Californians. We ask that, as CARB advances the Proposed Amendments, that you consider the importance of the GGRF-funded programs and their role in addressing affordability and incorporate this more expansive understanding in the final regulation.

Sincerely,

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