



## Cap-and-trade funds to boost high-speed rail

Melody Gutierrez

Updated 7:35 am, Tuesday, January 7, 2014

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### Sacramento --

Gov. **Jerry Brown** will propose spending nearly a third of \$850 million in cap-and-trade revenue California expects to collect in the next fiscal year on the embattled high-speed-rail project, according to officials with knowledge of the governor's budget proposal,

which is to be publicly released Friday.

A bulk of the money will be used to fund programs that assist poor families in making their homes more energy efficient, reduce catastrophic wildfires through forest management and other efforts to fight climate change.

"We are encouraged to see the conversation is about investing the dollars and seeing tangible benefits for communities," said **Erica Morehouse**, an attorney with the **Environmental Defense Fund**. "I think it's a big step forward for California, and it's the first step toward critical cap-and-trade investments."

Under cap and trade, California began collecting the new revenue in 2012 by auctioning "carbon credits" that essentially permit businesses to exceed the cap on carbon dioxide. Credit holders who do not emit carbon dioxide beyond a cap set by the state can sell them to businesses that are exceeding the cap.

The idea is to create a system that encourages polluting industries to limit greenhouse gases that contribute to global warming.

The governor will propose spending \$350 million on sustainable communities and clean transportation, which includes \$200 million on the state's low-carbon transportation program. The plan includes \$140 million on clean energy, which includes \$80 million on the Low Income Home Energy Assistance Program, and \$110 million on natural resources projects, such as \$50 million to reduce catastrophic wildfires through land management.

Brown's budget for 2014-15 will include repaying \$100 million of a \$500 million loan made from cap-and-trade revenue to the state's general fund in 2012.

Brown angered some environmentalists when he redirected those funds. Sources said the money will be paid back in the next few years. Administration officials initially said the \$500 million would be paid back in one year.

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"This is much better news than last year," said **Vien Truong**, environmental equity director for the Berkeley-based advocacy group the **Greenlining Institute**. "This amount of money will create jobs and clean the air. This will do a lot for our communities."

Truong said she isn't opposed to spending cap-and-trade revenue on the high-speed rail, but said there are other programs she would prioritize.

High-speed-rail authorities have argued that the \$68 billion project would lessen the need to build more freeways and reduce emissions from vehicle and air travel.

However, the bullet train's financing was called into question in November after a judge issued dual rulings that blocked the sale of \$8 billion in bonds and ordered the rail authority to rewrite its funding plans.

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