CALIFORNIA

Dems who killed a carbon bill took $1.2M from industry

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A group of California Democrats who helped kill a key climate proposal received $1.2 million in campaign contributions from the oil and gas industry and other opponents of the measure.

Those 17 Democrats are viewed as an important swing bloc as Gov. Jerry Brown (D) and lawmakers craft another bill that aims to add 10 years to the state’s cap-and-trade program for carbon pollution. The group of 17 voted against a similar measure in the Assembly last month.

They received the campaign payments from oil and business groups over the last two election cycles, according to an analysis by E&E News. All 17 lawmakers voted against A.B. 378 or abstained, helping to scuttle a Democratic priority as California and other states elevate themselves as climate leaders.

The measure would have added a decade to the cap-and-trade program, which many believe will expire in 2020 without intervention from the state Legislature or the California Air Resources Board (CARB). The Assembly bill also included language that would have allowed CARB to set limits for air emissions at refineries, factories and other locations subject to cap and trade.

Supporters of extending cap and trade suggest the $1.2 million in contributions may have played a role in the bill’s demise. And they fear it could again as Brown works with Senate President Pro Tem Kevin de León (D) to get support for another cap-and-trade extension measure. Negotiations on the language for that bill are ongoing.

“These are business lobbies that have a lot of influence in the capital in general because they do give major campaign contributions," said Bill Magavern, policy director for the Coalition for Clean Air. "On the cap-and-trade reauthorization, their influence is magnified by the fact that a two-thirds vote is needed."
“That gives a lot of people and interests an essential veto over the bill,” Magavern added.

The governor wants to pass a cap-and-trade extension with a two-thirds vote because he believes it would insulate the program against legal challenges. State law says taxes or fees can only be approved with a two-thirds margin. Some argue that the program constitutes a tax because it auctions carbon pollution allowances.

Democrats hold a supermajority in both chambers of the Legislature. But passing a measure with a two-thirds margin means gaining approval from every Democrat in the Senate and all but one in the Assembly. Brown and Assembly Speaker Anthony Rendon (D) will have to get “yes” votes from the 17 lawmakers who voted against the climate bill last month or abstained. Otherwise, Brown will need to win over Republican support.

Aware of the hard math, Brown has been trying to get agreement on a cap-and-trade bill from the Western States Petroleum Association, a trade group for oil companies, Magavern said. The group is seeking a provision to prohibit CARB and local air districts from regulating greenhouse gas emissions at refineries, other than through cap and trade, Magavern said.

That could deter some Democrats who want stronger pollution rules for those facilities, because they believe it disproportionately harms lower-income communities nearby, advocates say. It's not clear how much the bill being drafted in the state Senate will incorporate environmental justice language. But it was a key element of the failed bill last month.

A.B. 378 was about “improving air quality in communities that have the worst air pollution in California,” Magavern said. “So how could a legislator who represents one of those communities vote against this bill? I think you find the answer in the campaign money that they take from polluters.”

Assemblyman Matt Dababneh (D), one of the lawmakers who abstained from voting on A.B. 378, said he thought it gave too much power to the air board.

"Some of the authority they gave to CARB, I would rather see stay with the Assembly and have more checks and balances," Dababneh said. "Members should have more authority over these sorts of programs."

**Campaign money a 'fraction' of spending**

Most of the 17 assemblymembers who voted against the climate bill did not respond to inquiries about their contributions from industry groups. The few that were reached for comment said the contributions did not factor into their vote.

"The assemblymembers' votes are based solely on policy. There's absolutely no correlation between contributions and his vote," said Eric Menjivar, communications director for Assemblyman Raul Bocanegra (D), from the San Fernando Valley north of Los Angeles.

Bocanegra received the second-highest amount of contributions, $156,558 over two campaign cycles.

The 17 Democrats received the combined $1.2 million from...
political action committees tied to the California Independent Petroleum Association; the California Independent Oil Marketers Association; and oil companies BP Corp. North America Inc., Chevron Corp., Exxon Mobil Corp., Occidental Petroleum Corp., Tesoro Corp., Valero Services Inc., Vaquero Energy Inc. and other smaller petroleum interests.

The California Chamber of Commerce, the California Manufacturers & Technology Association and the California Building Industry Association PACs also contributed to those members.

Chevron was the largest contributor. It gave $215,000 to the group of Democrats over two cycles. “We fully comply with all laws and regulations governing political contributions,” it said in a statement.

Andy Kelley, communications director at the California League of Conservation Voters, said contributions that are given directly to candidates’ campaigns constitute a fraction of what oil companies spend to influence politics in the state.

Heading into the June primary election, petroleum interests spent nearly $20 million on independent expenditures, including giving to PACs, super PACs and funding advertising, Kelley said.

“There’s a real threat, I think, many lawmakers feel,” he added. “If they fight against Big Oil too loudly or too often, there is a real danger that Big Oil will spend millions of dollars against them.”

Top recipients

Assemblyman Rudy Salas of Bakersfield received the highest total of the Democratic group, at $167,511. Assemblyman Jim Cooper of suburban Sacramento received $120,788, the third most after Bocanegra. Assemblyman Adam Gray of Merced received $111,174.

Salas, Bocanegra and Gray issued a statement in May outlining their preferences for a cap-and-trade measure. Menjivar in an email said several of the principles from that statement were not in A.B. 378.

from a recent bill to extend cap and trade. Many have received campaign contributions from opponents of the bill. These are the top recipients from those groups, for the 2014 and 2016 campaign cycles combined:

**Assemblyman Rudy Salas**
**Total received:** $167,511

Top 5 donors:
1. California Chamber of Commerce political action committee and affiliates: $20,400
2. Chevron Policy, Government & Public Affairs: $16,600
3. California Independent Petroleum Association PAC: $16,400
4. California Building Industry Association PAC and associates: $15,510.93
5. Macpherson Oil Co.: $14,100

**Assemblyman Raul Bocanegra**
**Total received:** $156,558

Top 5 donors:
1. Chevron Policy, Government & Public Affairs: $23,000
2. California Chamber of Commerce PAC and affiliates: $21,058
3. California Building Industry Association PAC and associates: $17,500
5. Tesoro Cos. Inc.: $16,000

**Assemblyman Jim Cooper**
**Total received:** $120,788

Top 5 donors:
1. California Independent Petroleum Association and affiliates: $17,038
2. Chevron Policy, Government &
Among those missing was that cap and trade "must be the primary greenhouse gas reduction method for California to meet its 2030 goals," and that it "must include cost containment tools like carbon offsets and free allowances that reduce the direct burden on consumers and limit emissions leakage to other states." The three lawmakers also want it to end in 2025, not 2030, in order "to ensure continued legislative oversight."

Menjivar said that Bocanegra liked elements of another climate measure that did not come up for a floor vote, A.B. 151. It dealt with CARB powers as the agency seeks ways to meet the state's goal of cutting greenhouse gas emissions. That bill had a workforce development and retraining component.

Other Democrats who received money from opponents of the cap-and-trade extension measure include Assemblyman Tom Daly, who accepted $94,950; Assemblyman Sebastian Ridley-Thomas ($88,950); Assemblyman Patrick O'Donnell ($84,889); Assemblyman Jim Frazier ($84,400); and Assemblyman Mike Gipson with $66,400. Others received smaller amounts.

O'Donnell was one of the lawmakers who didn't vote on A.B. 378. Sophia Kwong Kim, his spokeswoman, said that "he had a family emergency and had to leave session to return home just when the bill was taken up. He is supportive of extending the cap and trade program to 2030 through a 2/3 vote bill."

Offsets off-putting

Dababneh, one of the Democrats who abstained, said he supports extending cap and trade 15 years instead of 10 because that "builds more stability in marketplace" and allows business planning. He said that a longer extension probably is unlikely, however.

Dababneh said he dislikes how the existing cap-and-trade program lets businesses buy offsets from projects in other states, like tree-planting in Michigan. He said offsets should be limited to projects in California.

Erica Morehouse, senior attorney with the Environmental Defense Fund, said that businesses already prioritize buying offsets from within the state, "but there is not enough supply to meet demand for offsets inside California."

Dababneh said any cap-and-trade extension should include an environmental justice component.

"There are regions of our state who have not benefited from our, I think, really impressive environmental track record," Dababneh said. "They've been left behind. Those are usually inland and poorer communities, often with high immigrant and minority populations. They clearly have not benefited as some of the coastal areas have."

Republicans voted against A.B. 378; they also take campaign money from oil and business groups. But Magavern said those interests sometimes favor Democrats because they're in power in California.

Brown is hoping to win some Republican votes to reach a two-thirds majority. Magavern said that will be difficult.
"It is hard to imagine Republicans voting for a major climate bill without the blessing of the oil lobby, but what it would take to get the blessing of the oil lobby might lose the support of Democrats who are actually trying to reduce pollution," he said.

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