

May 7, 2025

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

Senate Pro Tem Mike McGuire 1021 O Street, Suite 8518 Sacramento, CA 95814

Assembly Speaker Robert Rivas 1021 O Street, Suite 8330 Sacramento, CA 95814

Re: Dedicate Significant and Sustained Greenhouse Gas Reduction Fund Investments to Nature-Based Solutions on Natural, Urban and Agricultural Lands

Dear Governor Newsom, Pro Tem McGuire, and Speaker Rivas,

The undersigned organizations respectfully urge the Legislature to dedicate a significant and continuous share of Greenhouse Gas Reduction Fund (GGRF) revenues to nature-based solutions on California's natural, urban, and working lands, ensuring the state delivers on the climate mitigation and resilience targets established through AB 1757 (Garcia & Rivas, 2022).

California's ability to achieve carbon neutrality by 2045—and protect families from rising costs tied to extreme weather, energy, food, housing, and insurance—depends on scaling up investments in nature-based solutions. These landscapes are some of the most cost-effective, high-impact climate strategies available, delivering billions in avoided damages while simultaneously creating jobs, stabilizing communities, and protecting public health. Most natural and working lands receive only limited, discretionary support that does not match their critical role in fighting climate change or delivering economic benefits. Without a substantial, sustained investment, California risks falling short on both climate and affordability goals.

Specific landscapes and programs are addressed in the attached appendix. While many of our respective organizations have specific requests for specific landscapes and programs, which are summarized in the attached appendix, we all recognize the value of nature-based solutions and the need for significant and continuous funding.

Nature-Based Solutions Deliver Climate and Cost Benefits

Investments in wildfire resilience, wetland restoration, and sustainable agriculture help reduce skyrocketing costs in housing, insurance, electricity, and food. Urban greening cools cities, lowering energy demand and preventing heat-related health impacts. Every \$1 spent on climate resilience and preparedness saves California \$13 in economic costs, clean-up, and damages. Nature-based solutions are significant contributors to this equation. California's natural and working lands can also directly reduce carbon emissions and increase carbon sequestration. Without significant intervention, California's lands will become a net source of greenhouse gas emissions due to fire, development, and unsustainable management. Proactive stewardship can reverse this trend, turning our landscapes into resilient carbon sinks supporting the state's climate goals and economy. Investments in nature-based solutions support rural and urban economies with important restoration jobs, which also address affordability by increasing employment.

Nature-Based Solutions Are Central to California's Climate Strategy

The Legislature and Administration recognize the importance of nature-based climate solutions to meet its climate goals. In April 2024, the Administration released its Nature-Based Solutions Climate Targets as required by the Legislature under AB 1757 (Garcia, Chapter 341, Statutes of 2022). In the State report it notes that "Scientists and climate experts around the world have identified the critical importance of [nature-based solutions] to stabilize global climate. Lands managed for health and resilience can remove and store carbon, limit future GHG emissions, and increase resilience to climate impacts." Healthier landscapes reduce our exposure to climate-exacerbated risks like wildfire, extreme heat, floods, food shortages, and grocery price spikes, while delivering billions in economic value.

Without a significant and sustained investment from GGRF, California risks falling short of its climate targets and forcing families to bear the rising costs of inaction. Nature-based solutions are some of the most affordable, immediate strategies available—and they must be scaled now to secure a safer, more resilient, and more affordable future.

Cost-Effective, High-Demand Solutions

Investments in nature-based solutions advance our state's natural and working lands climate goals and offer a myriad of co-benefits. These programs generate ecosystem services, support livelihoods, create healthier communities, and reduce air and water pollution across the state. They are consistently oversubscribed and represent some of California's most cost-effective climate investments. We support a portfolio approach to resilience that includes built infrastructure. But these natural strategies are indispensable to delivering low-cost, high-impact solutions, especially in communities disproportionately affected by climate change.

Urban Forestry and Urban Greening

Urban areas—home to 95% of Californians—bear the brunt of extreme heat and other climate impacts. Urban forests are among the most immediate, visible, and cost-effective strategies to deliver cooling, improve air quality, reduce energy costs, while improving health and livability in disadvantaged communities. Proven Programs:

- CAL FIRE Urban and Community Forestry Program: Supports carbon sinks and canopy growth in vulnerable areas.
- CNRA Urban Greening Program: Creates green infrastructure like parks, alleys, and trails that directly support public health and cooling.

Forests

Forests store the largest share of above-ground carbon and are critical to water supplies, biodiversity, and wildfire mitigation. Yet most are degraded and prone to catastrophic fires. A dual approach—restoration today and conservation for the future—is essential.

Proven Programs:

- CAL FIRE Forest Health & Fire Prevention: Landscape restoration and community protection.
- WCB Forest Program: Permanent conservation for climate-smart forest practices.
- Prescribed Fire Program: Dedicated funding to build capacity and expand controlled burns as a climate tool.

Wetlands, Mountain Meadows, Floodplains, Grasslands, Chaparral, and Deserts

These ecosystems sequester carbon, support biodiversity, and buffer floods and droughts. Many face pressure from development or degradation and need both restoration and protection. Proven Programs:

- Wildlife Conservation Board: Statewide expertise in land acquisition, restoration, and resilience planning.
- Sacramento-San Joaquin Delta Conservancy: The Delta is an outsized contributor to land-based greenhouse gas emissions in the state due to the proportion of rich organic peat soils in the region.

Programs like the Delta Conservancy's Nature-based Solutions: Wetland Restoration Program directly tackle this issue while also protecting California's vital water supplies and Delta communities.

• State Coastal Conservancy: Conservancy programs, including Protect and Restore the Coast and Climate Ready, are directly protecting Californians and their wallets by reducing risks from sea-level rise and flooding, while fighting climate change and providing other vital benefits like cleaner air and water.

Climate-Resilient Agriculture

Climate-resilient agriculture improves food security and reduces emissions while reducing water, energy, fertilizer, and pesticide use. Without action, California will continue to lose thousands of family farms annually. Proven Programs:

- CDFA's Organic Transition Pilot Program, Healthy Soils, Alternative Manure Management, Biologically Integrated Farming Systems, Urban Ag, and State Water Efficiency and Enhancement Programs
- DOC's Sustainable Agricultural Lands Conservation Program

Cap-and-Trade Reform to Expand Investment

We also urge the Legislature to evaluate reforms to the Cap-and-Trade program that increase revenue without burdening consumers. Since the 2017 Cap-and-Trade reauthorization, the oil and gas industry has received up to \$890 million annually in free allowances, which have had no discernible impact on reducing gas prices. California needs to eliminate these handouts to the fossil fuel industry. Redirecting these subsidies to investing in nature-based solutions that actually reduce energy, food, insurance, water, housing, and healthcare costs, which is not only consistent with the state's climate targets, it is essential to achieving them.

Achieving the state's climate goals demands sustained and strategic investment in natural and working lands. We urge the Legislature to prioritize nature-based solutions by committing a robust and continuous portion of GGRF revenues to these critical strategies. This investment must match both the scale of the climate challenges we face and the proven effectiveness of nature-based solutions to deliver transformative results across carbon reduction, affordability, economic stability, and community resilience.

Nature-based solutions must be a pillar of California's climate and affordability strategy, not an afterthought. We urge the Legislature to commit a robust and ongoing share of GGRF revenues to scaling these solutions statewide. A smart investment today will deliver outsized returns in resilience, lower living costs, job creation, and community safety for decades to come, while directly benefiting the people and places most at risk. This is the time to invest boldly—and wisely—in the future Californians deserve.

Sincerely,

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Urban Forestry and Greening

Importance of Urban Forestry and Greening

95% of Californians live in urban areas, and urban forests are the State's primary nature-based solution to combat extreme heat, reduce air and water pollution, and lower greenhouse gas emissions in our most vulnerable communities. Recognized in California's Scoping Plan and Extreme Heat Action Plan, investments in urban forestry deliver immediate and lasting benefits to public health, energy affordability, and climate resilience. Expanding our urban canopy is vital to meeting state climate targets while protecting those hit hardest by extreme weather.



Current Status and Unmet Needs

Despite their proven effectiveness, CAL FIRE's Urban Forestry and CNRA's Urban Greening programs have historically received insufficient and inconsistent funding, including no new state funding since 2021. These programs are chronically oversubscribed — up to 500% — leaving critical urban greening projects, including urban forestry and green schoolyards, unfunded at a time of record-breaking extreme heat.

Key Benefits to Californians

- Reduces emergency room visits, hospitalizations, and deaths from extreme heat, cardiovascular disease, and other illnesses. (USDA 2024, TreePeople 2023)
- Significantly reduces temperatures, lowering energy bills through natural cooling. (USDA 2003, CARB 2023)
- Supports over 78,000 jobs and generates \$12.9 billion annually for California's economy. (California ReLeaf 2024)
- Manage stormwater, potentially reducing management costs by millions per year. (CARB 2023)
- Protects vulnerable communities and populations who face the highest climate risks.
- Greening asphalt-covered public schoolyards protects children and improves their health and learning, providing opportunities to learn outside and become environmental stewards. (Green Schoolyards America, 2023).
- Enhances air and water quality, improves public spaces, and builds safer, healthier neighborhoods.

Why This Investment is Urgent and Smart

California's 2022 Scoping Plan recognizes urban forests as the only carbon sink in the natural and working lands sector, recommending a 200% increase over baseline investments.

Organizations representing Urban Forestry and Greening have <u>specific funding requests</u> to scale up proven, cost-effective investments in urban resilience.

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Forests

Importance of Forest Health and Resilience

Forests cover one-third of California and are our largest and most expandable carbon bank. They form the source of the state's water supply, sheltering winter snowpack from the sun to slow the spring runoff. Healthy forests are essential for climate mitigation, water supply, and wildlife habitat, and healthy mature forests are resilient to fire. Large, unnaturally severe fires cause intense smoke to impact people many miles away,

- During the 2017 2021 period, average annual fire losses totaled over \$117 billion. Of this amount, \$5 billion annually was due to increased wildfire response costs and reduced tax revenues.
- CARB's Scoping Plan calls for 2.3 million acres of forest and landscape treatments to maximize the health benefits of reducing smoke impact.
- Forest restoration programs are some of the most cost-effective GGRF programs, especially when combined with conservation, and there is a vast need for them.

Current Status and Unmet Needs

Studies suggest we must treat between one and three million acres annually, across forests and other fire-adapted lands. Without sustained investment, forests risk becoming a net source of greenhouse gas emissions.

Key Benefits to Californians

- Reduces the risk of mega-fires, lowering home insurance and utility costs statewide.
- Protects clean water supplies for 25 million Californians.
- Captures and stores carbon, directly supporting California's 2045 carbon neutrality goal.
- Saves billions in avoided disaster response and recovery costs.
- Forest management and restoration support thousands of jobs that strengthen rural economies.

Why This Investment is Urgent and Smart

Proactive forest restoration is up to 10 times cheaper than the cost of fighting catastrophic wildfires and rebuilding communities after disaster. When forests are lost to extreme fire, they take generations to recover, and with climate change may not come back in many places. This is an existential threat to California's future water security.

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Wetlands and Floodplains

Importance of Wetland and Floodplain Ecosystems

California's diverse wetland and floodplain ecosystems – including coastal wetlands, seagrasses, mountain meadows, vernal pools, riparian habitat, and Delta marshes, among others – serve as powerful natural carbon sinks, sequestering carbon dioxide at rates far exceeding those of terrestrial forests. In addition to having tremendous potential for mitigating climate change, wetlands and floodplains also buffer communities from storm surges, reduce flooding risks, filter pollutants from water, and support biodiversity. Protecting and restoring these vital habitats are cost-effective nature-based solutions that enhance climate resilience while reducing disaster risks, provide recreational and economic opportunities for communities, and support wildlife.

Current Status and Unmet Needs

California has <u>lost over 90% of its historic wetlands</u> to development and other human land uses, and over 54 percent of coastal marshes are highly vulnerable to five feet of <u>sea-level rise</u>. In the Delta, sea-level rise and <u>land</u> <u>subsidence</u> threaten fresh water supplies for two-thirds of Californians, and in more than half of California's mountain meadows, degradation from human activity and grazing have led to <u>substantial losses of soil carbon</u>. Experts also predict that <u>climate-driven floods will be up to five times more severe</u> and occur more frequently in coming decades, especially in California's Central Valley.

In light of these facts, California has adopted bold goals – via AB 1757 (Garcia & Rivas, 2022), the 2022 Air Resources Board Scoping Plan, and other plans (e.g., the Ocean Protection Council's 2020 Strategic Plan) – to conserve and restore more than 200,000 acres of coastal and deltaic wetlands, seagrasses, and mountain meadows by mid-century. In 2024, state agencies also entered into a <u>Memorandum of Understanding</u> with multiple federal government agencies with the aim of enhancing collaboration on landscape-scale, multi-beneficial floodplain water projects in the Sacramento River Basin. However, while the state has set these ambitious goals, the pace and scale of protection and restoration are not keeping up with the need. Without sustained funding to protect, restore, and steward California's wetlands and floodplains, these goals may be unattainable.

Key Benefits to Californians

- Reduces flooding risks and increases water storage.
- Improves water quality and protects California's freshwater infrastructure.
- Captures carbon naturally with capacities much higher than many other ecosystems.
- Provides key habitat for a wide variety of wildlife.
- Creates recreational and economic opportunities for communities.

Why This Investment is Urgent and Smart

Wetlands and floodplains provide outsized carbon storage benefits, protect California communities and our fresh water supplies, and support biodiversity—all at a fraction of the cost of hard infrastructure solutions.

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Grasslands, Shrublands, Chaparral, and Sparsely Vegetated Lands

Importance of these Lands

California's grasslands, shrublands, chaparral, and sparsely vegetated lands cover 50%—52.8 million acres across the state. They store carbon in their soil and roots and provide multiple benefits for people and nature; grasslands provide open space, grazing land, habitat for wildlife, and important water filtration and recharge benefits, while shrublands and chaparral, along with forests, have the highest carbon density of any land type. California's sparsely vegetated lands not only store carbon but are also home to many specially adapted plant and animal species.

Current Status and Unmet Needs

Over the past few centuries, native perennial grasses with large root systems have been replaced by invasive annual grass species across California, while shrublands and chaparral are burning more frequently than they would have historically, leading to degraded conditions and reduced carbon storage. In sparsely vegetated lands, development pressure and land use change are threatening delicate habitats and stored carbon.

Key Benefits to Californians

- Reduces catastrophic wildfires and provide natural fire breaks
- Improves groundwater recharge, drought resilience, and reduces erosion and sediment runoff
- Captures and stores atmospheric carbon in soils and biomass
- Protects vital habitats, including habitats for pollinators, endangered species, and migratory birds

Why This Investment is Urgent and Smart

Restoring and conserving natural landscapes delivers biodiversity protection, climate benefits, and disaster prevention at a fraction of the cost of hard infrastructure solutions.

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Climate-Resilient Agriculture

Importance of Climate-Resilient Agriculture

Climate change poses a major threat to our vision of a resilient agricultural system that ensures safe working conditions, clean air and water, and access to healthy food. Increasingly frequent and extreme droughts, storms, and heat waves are already increasing the cost of food, causing significant economic losses in rural communities, and contributing to the loss of an average of 1,500 farms per year in California. Climate-resilient agricultural practices reduce potent GHG emissions, reduce air and water pollution, and help farmers adapt to more extreme weather. The Legislature and Administration have established several targets for agricultural climate solutions in the Scoping Plan, SB 1383, and AB 1757, including reducing dairy methane emissions, increasing certified organic acreage, increasing healthy soils practice adoption, and conserving croplands and grasslands. To achieve these climate goals and ensure food affordability, the state will need consistent funding for a portfolio of agricultural solutions.

Current Status and Unmet Needs

While the state has made important progress in establishing incentive programs for agricultural climate solutions, we are <u>not on track to achieve the state's targets</u>. Farmer demand for CDFA's Climate Smart Agriculture programs has typically outpaced available funding by two to three times. The agricultural sector has only received 5% of GGRF funds to date, despite accounting for 8% of statewide emissions and having the capacity to sequester carbon. Underinvestment in agricultural climate solutions has a price: in the grocery bills of California families, in the loss of multigenerational family farms, in the permanent loss of farmland, and in the missed opportunity to turn a source of emissions into a sink.

Key Benefits to Californians

- Ensures long-term food security and affordability
- Reduces farmers' water, energy, fertilizer, and pesticide use and associated costs
- Reduces air and water pollution impacts on farmworkers and rural communities
- Protects farmland from sprawling development
- Restores biodiversity and wildlife habitat
- Strengthens rural economies

Why This Investment is Urgent and Smart

Investing in climate-resilient agriculture protects California's food security, rural economies, and climate future, while delivering some of the state's most cost-effective GHG reductions. Organizations representing climate-resilient agriculture have <u>specific funding requests</u> to advance agricultural climate solutions and ensure food affordability.

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