

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: February 5, 2026

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst Council File No. 26-0002-S2
Assignment No: 26-01-0049

SUBJECT: Resolution to Support the Designation of LA Cleantech Incubator as the implementation partner for the \$85 million California Climate Innovation Fund

CLA RECOMMENDATION: Adopt Resolution (Yaroslavsky – Jurado) to include in the City’s 2025-2026 State Legislative Program, support for legislative and/or administrative action that designates the Los Angeles Cleantech Incubator as the implementation partner for the \$85 million California Climate Innovation Fund.

SUMMARY

Resolution (Yaroslavsky – Jurado), introduced January 28, 2026, notes California’s leadership in climate policy, including cap-and-trade and large annual investments that have created hundreds of thousands of clean-energy jobs. It describes the Los Angeles Cleantech Incubator (LACI) as the City’s permanent cleantech incubator that advances a sustainable, livable city and creates green, living-wage jobs.

The Resolution warns that recent federal rollbacks in 2026 have cut billions from renewable energy and research, threatening California’s clean-tech leadership. It highlights new state actions: SB 840 reauthorizing the Cap-and-Invest Program and creating the California Climate Innovation Fund (CCIF), Governor Newsom’s proposed \$250 million for climate initiatives, and LACI’s capacity to leverage these funds at 10-20 times in private investment. Finally, the Resolution notes LACI’s proposal to direct \$30 million toward “Road to 2028” clean energy and transportation electrification projects in Greater Los Angeles ahead of the 2028 Games.

Therefore, the Resolution requests that the City include support for legislative and/or administrative action that designates the LACI as the implementation partner for the \$85 million CCIF. The Resolution also seeks to support a framework where the Governor’s Office of Business and Economic Development distributes these funds to LACI to support statewide climate-tech innovation, a statewide cleantech debt fund, and regional workforce training programs that align with the state’s ambitious greenhouse gas reduction targets.

BACKGROUND

Los Angeles Cleantech Incubator

The Los Angeles Cleantech Incubator (LACI) was established in 2011 as the City’s official cleantech business incubator, founded through a partnership between the City, the Department of Water and Power (DWP), and federal funding from the Small Business Administration. LACI operates through a unique three-pillar model focused on (1) unlocking innovation by providing start incubation services, CEO coaching, and access to a 60+ mentor/advisor network; (2) market transformation through partnerships with policymaker and market leaders; and (3) enhancing communities through workforce development programs, pilot projects, and other community initiatives.

LACI has demonstrated a proven ability to leverage public investment, consistently attracting 10 to 20 times in private funding for every dollar of state investment. This multiplier effect makes LACI uniquely positioned to maximize the impact of state climate funds. The organization supports startup access across three priority areas: clean energy, zero-emission transportation, and sustainable cities with a focus on circular economy solutions.

California Climate Innovation Fund

The California Climate Innovation Fund (CCIF) was established through Senate Bill 840 (Limón), which Governor Newsom signed in September 2025, as part of a comprehensive package to reauthorize and strengthen California’s Cap-and-Invest program through 2045. SB 840, along with companion legislation AB 1207 (Irwin), extended what was historically known as “cap-and-trade” and restructured how proceeds from the Greenhouse Gas Reduction Fund (GGRF) are allocated.

The CCIF receives \$85 million annually through a continuous appropriation from the GGRF specifically dedicated to climate focused technology innovation. The GGRF itself is funded through quarterly allowance auctions under California’s Cap-and-Invest program, where large emitters purchase permits to emit greenhouse gases. SB 840 allocates \$3 billion of GGRF annually for ongoing climate priorities, plus at least \$1 billion for legislative priorities in future years.

Cap-and-Invest Program

California’s Cap-and-Invest Program, first established under AB 32 (the Global Warming Solutions Act of 2006) and extended through 2030 by AB 398 in 2017, places a declining “cap” on aggregate greenhouse gas emissions from the state’s largest emitters. Covered entities—including oil refineries, electricity generators and importers, and manufacturing facilities—represent roughly three-quarters of the state’s total greenhouse gas emissions. These entities must either reduce their emissions, purchase allowances at quarterly auctions, or use limited compliance offsets to meet their obligations.

Governor's Office of Business and Economic Development

Governor Newsom's January 2026 proposed budget allocated \$250 million from the GGRF for climate initiatives, and the Legislature is currently determining the administrative framework for the CCIF. The Governor's Office of Business and Economic Development (GO-Biz) has significant experience administering large-scale climate and economic development programs. Most notably, GO-Biz manages the Community Economic Resilience Fund (CERF), a \$600 million program launched by Governor Newsom in 2021 that catalyzes high-growth, low-carbon industries and high-quality jobs in the transition to a clean energy economy. In January 2026, GO-Biz announced \$39 million in CERF awards to economic development projects across the state.

DEPARTMENTS NOTIFIED

Department of Water and Power

CD Fields

Christopher Fields
Analyst

Attachment: 1. Resolution (Yaroslavsky – Jurado)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, California has long been a global leader in environmental and climate action, pioneering landmark policies such as the Global Warming Solutions Act (AB 32) and the nation's first emissions cap-and-trade system to achieve carbon neutrality by 2045; and

WHEREAS, the State has successfully fostered a thriving clean energy economy—now home to over 480,000 clean energy jobs—by investing over \$3 billion annually in clean-tech initiatives; and

WHEREAS, the Los Angeles Cleantech Incubator (LACI) was established as the City's permanent cleantech incubator to nurture early-stage businesses, create green living-wage jobs for Los Angeles residents, and advance a sustainable, livable city; and

WHEREAS, current federal rollbacks in early 2026 have resulted in the cancellation of billions of dollars in renewable energy projects and research funding, threatening California's leadership in the clean-tech industry; and

WHEREAS, the State recently enacted SB 840, reauthorizing the Cap-and-Invest Program and establishing the California Climate Innovation Fund (CCIF), which provides for the allocation of \$85 million annually from auction proceeds; and

WHEREAS, Governor Newsom's January proposed budget allocated \$250 million in the Greenhouse Gas Reduction Fund (GGRF) for climate initiatives, and the Legislature is currently determining the administration framework for the CCIF; and

WHEREAS, LACI is uniquely positioned to partner with the Governor's Office of Business and Economic Development (GO-Biz) to administer these funds, having a proven track record of attracting 10x to 20x in private funding for every dollar of state investment; and

WHEREAS, LACI's proposed allocation framework includes \$30 million for catalytic "Road to 2028" projects to accelerate clean energy and transportation electrification in Greater Los Angeles ahead of the 2028 Games;


NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-2026 State Legislative Program SUPPORT for legislative and/or administrative action that designates the Los Angeles Cleantech Incubator (LACI) as the implementation partner for the \$85 million California Climate Innovation Fund (CCIF).

BE IT FURTHER RESOLVED, that the City supports a framework where the Governor's Office of Business and Economic Development (GO-Biz) distributes these funds to LACI to support statewide


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climate-tech innovation, a statewide cleantech debt fund, and regional workforce training programs that align with the state's ambitious greenhouse gas reduction targets.

PRESENTED BY:


Katy Yaroslavsky
Councilwoman, 5th District

SECONDED BY:



ORIGINAL