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March 26, 2024

The Honorable Shannon Grove
California State Senate
1021 O Street, Ste. 7150
Sacramento, CA 95814

RE: SB 974 (Grove) Lithium Tax Fund Allocation – SPONSOR

Dear Senator Grove,

On behalf of the Kern County Board of Supervisors, I write in support and sponsorship of SB 974, which would update the provisions set out in the Lithium Extraction Excise Fund by ensuring that counties that begin producing lithium will be able to direct their allocation of the Lithium Fund towards their most directly affected communities.

Under current law, the Lithium Extraction Tax Law imposes a lithium extraction excise tax upon every metric ton of lithium produced. This money goes into the Lithium Fund, 80% of which goes to all counties in proportion to the amounts collected for lithium extraction within each county, and 20% to the Salton Sea Lithium Fund.

At the time this legislation was passed, lithium production was primarily expected to be within Imperial County, and especially around the Salton Sea. However, other counties have begun to explore the possibility of lithium production, and under current law, 20% of their contribution to the Lithium Fund would go directly to the Salton Sea instead of going back into the communities impacted by lithium extraction in their own county.

For Kern County, the need for this legislation is of the utmost importance because Rio Tinto, which operates the borax mine in Kern County, is set to begin lithium production in the town of Boron. The tax revenue is projected to be around \$400,000. However, as it now stands, the communities directly and indirectly impacted by this production will not receive the full relief intended under the law. This must be rectified to ensure equality in risk mitigation across all counties producing lithium. Therefore, SB 974 would allow Kern County, which has a fully permitted lithium mine, to direct its portion of the Lithium Fund toward its own communities that are affected by lithium extraction.

For these reasons, the Kern County Board of Supervisors is pleased to support and sponsor SB 974.

Sincerely,

A handwritten signature in blue ink, appearing to be 'David Couch', with a stylized, cursive script.

David Couch, Chairman
Kern County Board of Supervisors

CC: Honorable Members, California State Senate
Honorable Members, Kern Legislative Delegation
Kern County Planning Department
Shaw Yoder Antwih Schmelzer & Lange