

BOARD MEETING DATE: January 4, 2013

AGENDA NO. 17

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, December 14, 2012. The next Legislative Committee is scheduled for Friday, January 11, 2013, at 9 a.m. in Conference Room CC8.

The Committee deliberated on agenda items for Board consideration and recommended the following actions:

Agenda Item	Recommendation Action
AB 8 (Perea) Alternative Fuel and Vehicle Technologies: Funding Programs	Support
SB 11 (Pavley) Alternative Fuel and Vehicle Technologies: Funding Programs	Support
2013 Federal and State Legislative Goals and Objectives	Approve

**RECOMMENDED ACTION:**

Receive, file this report, and approve agenda items as specified in this letter.

Josie Gonzales  
Chair  
Legislative Committee

**Attendance [Attachment 1]**

The Legislative Committee met on December 14. Committee Chair Supervisor Josie Gonzales and Committee Member Clark Parker, Ph.D. were present at SCAQMD's Diamond Bar headquarters. Committee Members Supervisor Michael Antonovich and Councilwoman Judy Mitchell also attended, via videoconference.

**Update on Federal Legislative Issues**

Mark Kadesh and Warren Weinstein of Kadesh & Associates, SCAQMD federal legislative consultants, reported that there will be 12 new Senators in the 113th Congress. On the House side, the California delegation will have 14 new members out of a total 53 members. The South Coast basin delegation has six new members: Mark Takano, Raul Ruiz, Gloria Negrete-Mcleod, Tony Cardenas, Julia Brownley, Paul Cook, and Alan Lowenthal. The impact of the elections is that many ranking members from the California delegation are not returning.

Supervisor Gonzales noted she has relationships with several of the new and returning Members and requested that the SCAQMD be apprised of Committee assignments as they are announced, particularly as it concerns Congress Members Ruiz, Negrete-McLeod, Miller and Cook.

Chris Kierig, also of Kadesh and Associates, updated the Committee on appropriations. There has been much activity and discussion regarding the Omnibus bill and now it is almost all but certain that there will be no resolution this year. Discussions regarding the "fiscal cliff" are first and foremost in the Capitol.

**Update on Sacramento Legislative Issues**

Jason Gonsalves, SCAQMD state legislative consultant, reported that, with the passage of Proposition 30, the General Fund budget deficit has been reduced from \$8 billion dollars to approximately \$1.6 billion. One billion of the deficit is due to overestimating the impact of eliminating redevelopment and six hundred million is due to overestimating the Facebook initial public offering. The Legislative Analyst is projecting budget surpluses beginning in Budget year 2014-2015 through 2017-2018.

Jason further updated the Committee on the outcome of the elections. Under the new open primary system, three incumbents lost to candidates whose campaign platform was described as anti-Sacramento. Thirty-nine new members have joined the legislature: thirty-eight in the Assembly and one in the Senate. The Democrats now have supermajorities in both chambers.

SCAQMD Executive Officer Barry Wallerstein added that newly elected Senator Roth is the former law partner of former Governing Board Member Jane Carney.

Will Gonzalez, SCAQMD state legislative consultant, reported that the state had its first

greenhouse gas cap-and-trade auction, which did not quite generate the revenues expected, but more are scheduled. Potentially more significant is the passage of Proposition 39. That initiative closes tax loopholes for out-of-state corporations and is expected to generate \$550 million a year for five years that will be used for energy efficiency programs. Three spot bills have already been introduced and leadership will be focusing on using those revenues for energy efficiency improvements at public schools.

Another major issue for Sacramento this year will be the reform of the California Environmental Quality Act (CEQA), which will be led by Senator Rubio, Chair of Senate Environmental Quality Committee. He will not introduce the bill until late January or February, but it is expected to include the following elements:

1. If a project complies with current environmental standards, CEQA cannot require additional mitigation.
2. Expedited judicial review for challenged projects (perhaps in a newly formed CEQA court).
3. Online tracking of projects and mitigation by county.

**Recommend General Position on Bills Pertaining to Reauthorization of AB 923 and AB 118 [Attachment 2]**

Dr. Barry Wallerstein, Executive Officer briefed the Committee on AB 8 (Perea and Skinner) and SB 11 (Pavley and Rubio), both containing identical bill language. Just like SB 1455 (Kehoe) from last session, these two bills extend the sunset on the Carl Moyer Program as authorized by AB 923 (Firebaugh, 2004) and the AB 118 (Nuñez, 2007) Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP). The bills also prohibit the California Air Resources Board from enforcing the Clean Fuels Outlet (CFO) regulation for ten years and instead provide for up to \$20 million a year to have up to 100 hydrogen fueling stations to be built. The bills are expected to be jointly sponsored by the American Lung Association, CALSTART and the California Air Pollution Control Officers Association (CAPCOA) and both will have broad-based support from the business, agricultural, environmental, public health sectors and the relevant state agencies. The bills will face some hurdles, particularly in the Senate, in regards to the AB 118 and CFO elements of the bill. On balance, staff recommends a position of SUPPORT for the two bills given the essential need to get the AB 118 and AB 923 programs reauthorized to attain our clean air objectives by transitioning our mobile source legacy fleets to new, cleaner technologies.

***The Legislative Committee approved staff's recommendation to SUPPORT AB 8 (Perea & Skinner) and SB 11 (Pavley & Rubio).***

**Recommend 2013 Legislative Goals and Objectives [Attachment 3]**

Lisha B. Smith, Deputy Executive Officer, explained to the committee that the proposed Legislative Goals and Objectives for 2013 are consistent and build on prior board

direction, and anticipate major policy issues for the year. On the state side these issues include the reauthorization of the Carl Moyer Program and the Alternative and Renewable and Vehicle Technology Program as well as engaging in the CEQA reform discussion as necessary. On the federal side, policy issues will focus on achieving a fair share percentage of mobile source emission reductions in our region, seeking ways to increase federal funding and including air policy considerations in a broader array of projects and policies.

Greg Adams of the Los Angeles County Sanitation District requested that the federal goals and objectives include defense of Rule 317 as it implements federal Clean Air Act Section 185. Executive Officer Barry Wallerstein informed the Committee that per Board direction, SCAQMD is already under direction to defend Rule 317 and, if necessary, seek a revision of the federal Clean Air Act.

***The Legislative Committee approved the proposed 2013 State and Federal Legislative Goals and Objectives.***

**Update on State Legislation for 2012 [Attachment 4]**

Please refer to attachment 4 for written report.

**Report from SCAQMD Home Rule Advisory Group [Attachment 5]**

Please refer to Attachment 5 for written report.

**Other Businesses:** None

**Public Comment Period:** None

**Attachments**

1. Attendance Record
2. Recommend General Position on States Bills Pertaining to Reauthorization of AB 923 and AB 118
3. Recommend 2013 Legislative Goals and Objectives
4. Update on State Legislation for 2012
5. Home Rule Advisory Committee Report

## **Attachment 1**

### **ATTENDANCE RECORD – December 14, 2012**

#### **DISTRICT BOARD MEMBERS:**

Supervisor Josie Gonzales, Committee Chair  
Supervisor Michael D. Antonovich  
Councilwoman Judy Mitchell  
Clark E. Parker, Ph.D.

#### **STAFF TO COMMITTEE:**

Lisha B. Smith, Deputy Executive Officer  
Derrick Alatorre, Assistant Deputy Executive Officer/Public Advisor  
William Sanchez, Senior Public Affairs Manager  
Julie Franco, Senior Administrative Secretary

#### **DISTRICT STAFF:**

Barry Wallerstein, Executive Officer  
Barbara Baird, District Counsel  
Peter Greenwald, Senior Policy Advisor  
Chung Liu, Deputy Executive Officer  
Mohsen Nazemi, Deputy Executive Officer  
Michael O'Kelly, DEO/Chief Financial Officer  
Laki Tisopulos, Assistant Deputy Executive Officer  
Marc Carrel, Program Supervisor  
Kim White, Public Information Specialist  
Patti Whiting, Staff Specialist  
Paul Wright, Audio Video Specialist

#### **OTHERS PRESENT:**

Mark Abramowitz, Board Member Assistant (Lyou)  
Greg Adams, LACD  
Tricia Almiron, SANBAG  
Jason Gonsalves, Gonsalves & Son (teleconference)  
Paul Gonsalves, Gonsalves & Son (teleconference)  
Will Gonzalez, Gonzalez, Quintana & Hunter (teleconference)  
Mark Kadesh, Kadesh & Associates  
Chris Kierig, Kadesh & Associates  
Chris Mardis, Board Member Assistant (Gonzales)  
Debra Mendelson, Board Member Assistant (Antonovich)  
Max Pike, CEA  
David Rothbart, LACSD  
Susan Stark  
Lee Wallace, So. Cal Gas/SPG & E  
Warren Weinstein, Kadesh & Associates

## **Attachment 2a**

### **AB 8 (Perea and Skinner) Alternative fuel and vehicle technologies; funding programs**

**Summary:** The bill would extend existing air quality incentive programs, notably the Carl Moyer program as expanded by AB 923 (Firebaugh, 2004), and the AB 118 (Nuñez, 2007) Alternative & Renewable Fuel & Vehicle Technology Program (ARFVTP). The bill also prohibits the Air Resources Board from enforcing the Clean Fuels Outlet (CFO) regulation, which requires major refiners and importers of gasoline to provide refueling infrastructure to support the rollout of hydrogen fuel cell powered vehicles.

#### **Background:**

California suffers from some of the worst air quality in the nation, with more than 70% of our air pollution coming from cars, trucks, trains, and other mobile sources. The result is that the majority of Californians still breathe air that fails to meet federal and state health-based standards. Air pollution increases risks for, among other things, respiratory problems including asthma—with children being especially vulnerable—heart disease, stroke, cancer and reduced life span. To meet federal and state clean air mandates, this pollution must be reduced. Estimates are that a 75% to 90% reduction in emissions will be needed by the mid-2030's.

To help attain these standards existing law provides for cost-effective programs which incentivize early, voluntary introductions of cleaner mobile source technologies:

- AB 923 (Firebaugh, 2004) provides for a two dollar (\$2) registration fee for Local Clean Air Projects generating approximately \$50 million annually on a statewide basis. AB 923 also provides for \$0.75 surcharge on tire sales for Carl Moyer Projects generating approximately \$30 million annually on a statewide basis.
- AB 118 (Nunez, 2007) provides for a five dollar (\$5) vehicle license fee, an eight dollar (\$8) smog abatement fee, vessel registration surcharges ranging from \$10 to \$20, and a three dollar (\$3) vehicle registration fee. Collectively, these revenue sources annually fund the Air Quality Improvement Program for approximately \$ 30 to 40 million, the ARFVTP for approximately \$90 to 110 million, and the Enhanced Fleet Modernization Program for \$15 to \$30 million.

Absent this legislation, the funding provisions for AB 923 programs are scheduled to sunset on January 1, 2015 and the funding for AB 118 programs are scheduled to sunset on January 1, 2016.

**Status:** Introduced December 3, 2012

**Related Legislation:** On December 3, 2012, Senators Pavley and Rubio introduced identical language in SB 11.

This bill is similar to a gut and amend bill introduced late in the 2012 legislative session, SB 1455 (Kehoe). That bill failed to obtain the two thirds vote on concurrence in the Senate in the last minutes before end of session.

**Specific Provisions Include:**

- Extending the Carl Moyer and Lower Emission School Bus Program, as enhanced by AB 923, for 9 years until January 1, 2024.
- Extending the AB 118 program for 8 years until January 1, 2024
- Barring the Air Resources Board (ARB) from enforcing the Clean Fuels Outlet requirements that would have called for gasoline refiners and importers to provide hydrogen refueling infrastructure.
- Dedicating \$20 million from the AB 118 program for three years (2013 to 2016) to hydrogen infrastructure. Thereafter, the Energy Resources Conservation and Development Commission (Commission) may annually allocate up to twenty million dollars, not to exceed 20 percent of the moneys appropriated by the Legislature from the of the Alternative and Renewable Fuel and Vehicle Technology Fund “for purposes of achieving” 100 hydrogen fueling stations statewide.
- Requiring ARB and the Commission to jointly review and report on progress towards the state’s alternative fuel use.
- No new revenue sources; just continuation of current fees.

**Impacts on AQMD’s mission, operations or initiatives:**

The Carl Moyer program has been extraordinarily successful on a number of fronts. In the first 12 years of the program, regionally, it has cleaned up over 24,000 high-polluting engines, including the purchase of 4,500 new on-road engines and 5,500 agricultural engines, as well as off-road, marine, and locomotive engines, and the retirement of 11,000 light-duty, gross-polluting vehicles. These new engine sales represent economic activity in a down economy, and they have provided many small business owners with more fuel-efficient, better performing engines. In addition, these incentive funds have secured real and durable improvements in air quality, and reduced public exposure to harmful diesel particulates. The program has a high degree of transparency and accountability, and it leverages other funds.

Additionally, AB 923 (Firebaugh, 2004) has had an enormous and positive impact on air quality in the South Coast Region. This incentive program, under the Carl Moyer Program umbrella, has allowed the SCAQMD to replace approximately 790 school buses with new natural gas buses for the amount of \$58 million. The SCAQMD has also replaced over 660 heavy-duty vehicles (including waste haulers, urban buses, agricultural equipment, and construction equipment) for the amount of \$25 million. Together, over 1,450 dirty engines were replaced achieving the early emissions reductions of approximately 510 tons per year of nitrogen oxides.

AB 118 Programs administered by the California Energy Commission (CEC) and ARB have only been in existence a short while, but they have demonstrated alignment and synergy with the SCAQMD's Technology Advancement Program. As evidenced in the recent SCAQMD 2012 Air Quality Management Plan and the "Vision for Clean Air: A Framework for Air Quality and Climate Planning," jointly authored by ARB, SCAQMD and the San Joaquin Valley Air Pollution Control District, there is a need and the means to reduce both smog-forming pollutants and climate changing emissions using advanced, near-zero and zero-emission technologies. The SCAQMD has been the recipient of AB 118 awards as well as a co-funding partner for AB 118 projects.

### **Recommended Position:**

As the region struggles to comply with the federal clean air standards, successful incentive programs such as AB 923 and AB 118 need to be maintained in order to accelerate the turnover of older, higher-polluting vehicles. Consequently, staff recommends a position of SUPPORT.

### **Support and Opposition:**

Like its predecessor bill, SB 1455 (Kehoe), AB 8 is anticipated to have a broad coalition of support from industry, the agricultural sector, and environmental organizations. As of the time of this analysis, the American Lung Association, the California Air Pollution Control Officer's Association and CalStart are likely sponsors of the bill.

Despite the anticipated broad support for the bill, some environmental organizations, most notably the Sierra Club, may not support and may even oppose the CFO portion of the bill. Additionally, we anticipate the Howard Jarvis Taxpayer Association will also oppose this bill as they are opposed to any fee extensions.

**ASSEMBLY BILL**

**No. 8**

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**Introduced by Assembly Members Perea and Skinner**

December 3, 2012

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An act to amend Sections 41081, 44060.5, 44225, 44229, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, and to add Sections 43018.9, 43867.5, and 43867.6 to, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 8, as introduced, Perea. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to

develop and adopt an investment plan to determine priorities and opportunities for the program.

This bill would provide that the State Air Resources Board (state board), until January 1, 2024, has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any person to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station. The bill would require the state board to aggregate and make available to the public, no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board. The bill would require the commission to allocate \$20 million each fiscal year, as specified, and up to \$20 million each fiscal year thereafter, as specified, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing market for vehicles requiring hydrogen fuel, until there are at least 100 publicly available hydrogen fueling stations. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the state board to jointly review and report on the progress toward establishing a hydrogen fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. The bill, no later than July 1, 2013, would require the state board and air districts to jointly convene working groups to evaluate the specified policies and goals of specified programs.

(2) Existing law requires the commission, in partnership with the state board, to develop and adopt a state plan to increase the use of alternative transportation fuels.

This bill would require the commission and the state board, among other things, to coordinate efforts to measure the progress of alternative fuels use. The bill would require the commission, in consultation with the state board, on or before November 1, 2014, to update a specified economic analysis. The bill would require the commission and the state board, to evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use, and evaluate how the impact of federal fuel policies and existing state

policies will help increase the use of alternative transportation fuels in the state. The bill would require the commission and the state board, on or before November 1, 2015, and every 2 years thereafter, to report in the integrated energy policy report, as specified, the status of the state alternative transportation fuels use, as specified, and make specified evaluations. The bill would require the state board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.

(3) Existing law, until January 1, 2016, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund, and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.

Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

(4) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer program), which is administered by the state board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts. Existing law, beginning January 1, 2015, limits the Carl Moyer program to funding projects that reduce emissions of oxides of nitrogen (NO<sub>x</sub>).

This bill would extend the current authorization for the Carl Moyer program to fund a broader range of projects that reduce emissions until January 1, 2024, and would make other conforming changes in that regard.

(5) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered

in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6) Existing law authorizes each air pollution control and air quality management district (district) that has been designated a state nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that district, as specified by the governing body of the district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by a district, and requires the department, after deducting its administrative costs, to distribute the revenues to the districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(7) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed, be deposited in the Air Pollution Control Fund, these moneys to be available upon appropriation by the Legislature for use by the state board and districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would, on January 1, 2015, instead increase the limit on the tire fee to \$1.50 per tire until January 1, 2024, and reduce the limit to \$0.75 per tire on and after January 1, 2024.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 41081 of the Health and Safety Code, as  
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is  
3 amended to read:

4     41081. (a) Subject to Article 3.7 (commencing with Section  
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
6 Government Code, or with the approval of the board of supervisors  
7 of each county included, in whole or in part, within the Sacramento  
8 district, the Sacramento district board may adopt a surcharge on  
9 the motor vehicle registration fees applicable to all motor vehicles  
10 registered in those counties within the Sacramento district whose  
11 boards of supervisors have adopted a resolution approving the  
12 surcharge. The surcharge shall be collected by the Department of  
13 Motor Vehicles and, after deducting the department's  
14 administrative costs, the remaining funds shall be transferred to  
15 the Sacramento district. Prior to the adoption of any surcharge  
16 pursuant to this subdivision, the district board shall make a finding  
17 that any funds allocated to the district as a result of the adoption  
18 of a county transportation sales and use tax are insufficient to carry  
19 out the purposes of this chapter.

20     (b) The surcharge shall not exceed six dollars (\$6).

21     (c) After consulting with the Department of Motor Vehicles on  
22 the feasibility thereof, the Sacramento district board may provide,  
23 in the surcharge adopted pursuant to subdivision (a), to exempt  
24 from all or part of the surcharge any category of low-emission  
25 motor vehicle.

26     (d) Funds received by the Sacramento district pursuant to this  
27 section shall be used by that district as follows:

28     (1) The revenues resulting from the first four dollars (\$4) of  
29 each surcharge shall be used to implement reductions in emissions  
30 from vehicular sources, including, but not limited to, a clean fuels  
31 program and motor vehicle use reduction measures.

32     (2) The revenues resulting from the next two dollars (\$2) of  
33 each surcharge shall be used to implement the following programs  
34 that achieve emission reductions from vehicular sources and  
35 off-road engines, to the extent that the district determines the  
36 program remediates air pollution harms created by motor vehicles  
37 on which the surcharge is imposed:

1 (A) Projects eligible for grants under the Carl Moyer Memorial  
2 Air Quality Standards Attainment Program (Chapter 9  
3 (commencing with Section 44275) of Part 5).

4 (B) The new purchase, retrofit, repower, or add-on of equipment  
5 for previously unregulated agricultural sources of air pollution, as  
6 defined in Section 39011.5, within the Sacramento district, for a  
7 minimum of three years from the date of adoption of an applicable  
8 rule or standard, or until the compliance date of that rule or  
9 standard, whichever is later, if the state board has determined that  
10 the rule or standard complies with Sections 40913, 40914, and  
11 41503.1, after which period of time, a new purchase, retrofit,  
12 repower, or add-on of equipment shall not be funded pursuant to  
13 this chapter. The district shall follow any guidelines developed  
14 under subdivision (a) of Section 44287 for awarding grants under  
15 this program.

16 (C) The purchase of new, or retrofit of emissions control  
17 equipment for existing, schoolbuses pursuant to the  
18 Lower-Emission School Bus Program adopted by the state board.

19 (D) An accelerated vehicle retirement or repair program that is  
20 adopted by the state board pursuant to authority granted hereafter  
21 by the Legislature by statute.

22 (E) The replacement of onboard natural gas fuel tanks on  
23 schoolbuses owned by a school district that are 14 years or older,  
24 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant  
25 to the Lower-Emission School Bus Program adopted by the state  
26 board.

27 (F) The enhancement of deteriorating natural gas fueling  
28 dispensers of fueling infrastructure operated by a school district  
29 with a one-time funding amount not to exceed five hundred dollars  
30 (\$500) per dispenser, pursuant to the Lower-Emission School Bus  
31 Program adopted by the state board.

32 (e) Not more than 5 percent of the funds collected pursuant to  
33 this section shall be used by the district for administrative expenses.

34 (f) A project funded by the program shall not be used for credit  
35 under any state or federal emissions averaging, banking, or trading  
36 program. An emission reduction generated by the program shall  
37 not be used as marketable emission reduction credits or to offset  
38 any emission reduction obligation of any person or entity. Projects  
39 involving new engines that would otherwise generate marketable  
40 credits under state or federal averaging, banking, and trading

1 programs shall include transfer of credits to the engine end user  
2 and retirement of those credits toward reducing air emissions in  
3 order to qualify for funding under the program. A purchase of a  
4 low-emission vehicle or of equipment pursuant to a corporate or  
5 a controlling board's policy, but not otherwise required by law,  
6 shall generate surplus emissions reductions and may be funded by  
7 the program.

8 (g) This section shall remain in effect only until January 1, 2015  
9 2024, and as of that date is repealed, unless a later enacted statute,  
10 that is enacted before January 1, 2015 2024, deletes or extends  
11 that date.

12 SEC. 2. Section 41081 of the Health and Safety Code, as added  
13 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended  
14 to read:

15 41081. (a) Subject to Article 3.7 (commencing with Section  
16 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
17 Government Code, or with the approval of the board of supervisors  
18 of each county included, in whole or in part, within the Sacramento  
19 district, the Sacramento district board may adopt a surcharge on  
20 the motor vehicle registration fees applicable to all motor vehicles  
21 registered in those counties within the Sacramento district whose  
22 boards of supervisors have adopted a resolution approving the  
23 surcharge. The surcharge shall be collected by the Department of  
24 Motor Vehicles and, after deducting the department's  
25 administrative costs, the remaining funds shall be transferred to  
26 the Sacramento district. Prior to the adoption of any surcharge  
27 pursuant to this subdivision, the district board shall make a finding  
28 that any funds allocated to the district as a result of the adoption  
29 of a county transportation sales and use tax are insufficient to carry  
30 out the purposes of this chapter.

31 (b) The surcharge shall not exceed two dollars (\$2) for each  
32 motor vehicle whose registration expires on or after December 31,  
33 1989, and prior to December 31, 1990. For each motor vehicle  
34 whose registration expires on or after December 31, 1990, the  
35 surcharge shall not exceed four dollars (\$4).

36 (c) After consulting with the Department of Motor Vehicles on  
37 the feasibility thereof, the Sacramento district board may provide,  
38 in the surcharge adopted pursuant to subdivision (a), to exempt  
39 from all or part of the surcharge any category of low-emission  
40 motor vehicle.

(d) Funds received by the Sacramento district pursuant to this section shall be used to implement the strategy with respect to the reduction in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures. Not more than 5 percent of the funds collected pursuant to this section shall be used by the district for administrative expenses.

(e) This section shall become operative on January 1, 2015 2024.

SEC. 3. Section 43018.9 is added to the Health and Safety Code, to read:

43018.9. (a) For purposes of this section, the following terms have the following meanings:

(1) "Commission" means the State Energy Resources Conservation and Development Commission.

(2) "Publicly available hydrogen fueling station" means the equipment used to store and dispense hydrogen fuel to vehicles according to industry codes and standards that is open to the public.

(b) (1) Notwithstanding any other law, the state board shall have no authority to enforce any element of its existing clean fuels outlet regulation or of any other regulation that requires or has the effect of requiring that any person construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station.

(2) This subdivision shall become inoperative on January 1, 2024.

(c) The state board shall aggregate and make available to the public no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board pursuant to Section 2303(a) of Title 13 of the California Code of Regulations.

(d) (1) The commission shall allocate twenty million dollars (\$20,000,000) each fiscal year, beginning July 1, 2013, through June 30, 2016, and up to twenty million dollars (\$20,000,000) each fiscal year thereafter, not to exceed 20 percent of moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund, established pursuant to Section 44273, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing

1 market for vehicles requiring hydrogen fuel, until there are at least  
2 100 publicly available hydrogen fueling stations.

3 (2) Based on the results of the review set forth in paragraph (4),  
4 the commission may defer allocating the moneys set forth in  
5 paragraph (1) as needed to keep the number of fueling stations  
6 matched to the fueling needs of the vehicles.

7 (3) Notwithstanding paragraph (1), once the commission  
8 determines, in consultation with the state board, that the private  
9 sector is establishing publicly available hydrogen fueling stations  
10 without the need for government support, the commission may  
11 cease providing funding for those stations.

12 (4) On or before December 31, 2015, and annually thereafter,  
13 the commission and the state board shall jointly review and report  
14 on progress toward establishing a hydrogen fueling network that  
15 provides the coverage and capacity to fuel vehicles requiring  
16 hydrogen fuel that are being placed into operation in the state. The  
17 commission and the state board shall consider the following,  
18 including but not limited to, the available plans of automobile  
19 manufacturers to deploy fuel cell vehicles in California and their  
20 progress toward achieving those plans, the rate of hydrogen fuel  
21 cell deployment, the length of time required to permit and construct  
22 hydrogen fueling stations, the coverage and capacity of the existing  
23 hydrogen fueling station network, and the amount and timing of  
24 growth in the fueling network to ensure fuel is available to these  
25 vehicles. The review shall also determine the remaining cost and  
26 timing to establish a network of 100 publicly available hydrogen  
27 fueling stations and whether funding from the Alternative and  
28 Renewable Fuel and Vehicle Technology Program remains  
29 necessary to achieve this goal.

30 (e) To assist in the implementation of this section and maximize  
31 the ability to deploy fueling infrastructure as rapidly as possible  
32 with the assistance of private capital, the commission may design  
33 grants, loan incentive programs, revolving loan programs, and  
34 other forms of financial assistance. The commission also may enter  
35 into an agreement with the Treasurer to provide financial assistance  
36 to further the purposes of this section.

37 (f) Funds appropriated to the commission for the purposes of  
38 this section shall be available for encumbrance by the commission  
39 for up to four years from the date of the appropriation and for

1 liquidation up to four years after expiration of the deadline to  
2 encumber.

3 (g) Notwithstanding any other law, the state board, in  
4 consultation with air districts, no later than July 1, 2013, shall  
5 convene working groups to evaluate the policies and goals  
6 contained within the Carl Moyer Memorial Air Quality Standards  
7 Attainment Program, pursuant to Section 44280, and Assembly  
8 Bill 923 (Chapter 707 of the Statutes of 2004).

9 SEC. 4. Section 43867.5 is added to the Health and Safety  
10 Code, to read:

11 43867.5. The Legislature finds and declares all of the following:

12 (a) The state overwhelmingly relies on a single source of fuel,  
13 petroleum, for its transportation needs, and nearly one-half of that  
14 petroleum comes from overseas. This overreliance on petroleum  
15 leaves residents vulnerable to supply interruptions and price  
16 instabilities, and it leaves consumers with essentially no options  
17 for alternative transportation fuels.

18 (b) Residents spend over twenty billion dollars  
19 (\$20,000,000,000) each year on petroleum fuel imports,  
20 representing a significant missed economic opportunity.

21 (c) It is in the interest of the state to increase alternative fuels  
22 usage to reduce fuel price volatility, improve environmental quality  
23 and transportation energy security, and demonstrate the state's  
24 continued leadership in reducing greenhouse gas emissions.

25 (d) The State Alternative Fuels Plan, which was adopted by the  
26 state board and the State Energy Resources Conservation and  
27 Development Commission pursuant to Section 43866, outlined  
28 specific strategies and targets that would increase the use of  
29 alternative and nonpetroleum fuels. The strategy set a moderate  
30 growth goal of 26 percent penetration for alternative fuel use in  
31 on-road and off-road vehicles by 2022. In 2007, alternative fuels  
32 accounted for less than 5 percent of the transportation sector's  
33 consumption.

34 (e) Therefore, it is in the interest of the state to evaluate progress  
35 toward increasing alternative fuels usage.

36 SEC. 5. Section 43867.6 is added to the Health and Safety  
37 Code, to read:

38 43867.6. (a) In order to measure the progress of alternative  
39 fuels use for on-road and off-road vehicles in the state, it is the  
40 intent of the Legislature that the state board and the State Energy

Resources Conservation and Development Commission shall update the analysis of the state alternative transportation fuels use described in this section.

(b) The state board and the State Energy Resources Conservation and Development Commission shall coordinate efforts to implement this article.

(c) On or before November 1, 2014, the state board and the State Energy Resources Conservation and Development Commission shall update the economic analysis used in developing and reviewing state board regulations to include a range of petroleum and alternative fuel prices to more accurately assess the future cost of petroleum-based and alternative fuels.

(d) The State Energy Resources Conservation and Development Commission, in consultation with the state board, shall do all of the following:

(1) Evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use.

(2) Evaluate how the impact of federal fuel policies and existing state policies will help increase the use of alternative transportation fuels in the state.

(e) On or before November 1, 2015, and every two years thereafter consistent with and reported within the integrated energy policy report, pursuant to Section 25302 of the Public Resources Code, the state board and the State Energy Resources Conservation and Development Commission shall report on the status of the state alternative transportation fuels use analysis pursuant to subdivision (a) and make the evaluations required in subdivision (d). The report shall include details as to the quantities of alternative fuels used in the state during the preceding years in absolute terms and as a percentage of the state's overall transportation fuel mix.

(f) As part of developing relevant new and amended regulations, the state board shall include a finding on the effect of proposed regulations on the state alternative transportation fuels use.

(g) This section shall be implemented consistent with the environmental, public health, and sustainability considerations included in Sections 44271 and 44272. Further, this section does not preempt the California Global Warming Solutions Act of 2006

(Division 25.5 (commencing with Section 38500)) or the programs and policies implemented pursuant to that act.

(h) The state board and the State Energy Resources Conservation and Development Commission, in studying the state alternative transportation fuels use, shall seek to measure all of the following:

(1) In-state job creation through the continued development of an alternative fuels industry in the state.

(2) Economic vulnerability of residents to future costly petroleum fuel price spikes by the use of either petroleum fuels or alternative fuels and vehicles.

(3) Alternative fuel market penetration in nonattainment areas.

(4) Increases in access to the supply of alternative fuels and alternative fuel vehicles for all residents and barriers to that supply.

SEC. 6. Section 44060.5 of the Health and Safety Code is amended to read:

44060.5. (a) Beginning July 1, 2008, the smog abatement fee described in *subdivision (d) of* Section 44060 shall be increased by eight dollars (\$8).

(b) Revenues generated by the increase described in this section shall be distributed as follows:

(1) The revenues generated by four dollars (\$4) shall be deposited in the Air Quality Improvement Fund created by Section 44274.5.

(2) The revenues generated by four dollars (\$4) shall be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273.

(c) This section shall remain in effect only until ~~January 1, 2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before ~~January 1, 2016~~ 2024, deletes or extends that date.

SEC. 7. Section 44225 of the Health and Safety Code, as amended by Section 3 of Chapter 707 of the Statutes of 2004, is amended to read:

44225. A district may increase the fee established under Section 44223 to up to six dollars (\$6). A district may increase the fee only if the following conditions are met:

(a) A resolution providing for both the fee increase and a corresponding program for expenditure of the increased fees for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies

1 necessary for the implementation of, the California Clean Air Act  
2 of 1988 is adopted and approved by the governing board of the  
3 district.

4 (b) In districts with nonelected officials on their governing  
5 boards, the resolution shall be adopted and approved by both a  
6 majority of the governing board and a majority of the board  
7 members who are elected officials.

8 (c) An increase in fees established pursuant to this section shall  
9 become effective on either April 1 or October 1, as provided in  
10 the resolution adopted by the board pursuant to subdivision (a).

11 (d) This section shall remain in effect only until January 1, 2015  
12 2024, and as of that date is repealed, unless a later enacted statute,  
13 that is enacted before January 1, 2015 2024, deletes or extends  
14 that date.

15 SEC. 8. Section 44225 of the Health and Safety Code, as added  
16 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended  
17 to read:

18 44225. On and after April 1, 1992, a district may increase the  
19 fee established under Section 44223 to up to four dollars (\$4). A  
20 district may increase the fee only if the following conditions are  
21 met:

22 (a) A resolution providing for both the fee increase and a  
23 corresponding program for expenditure of the increased fees for  
24 the reduction of air pollution from motor vehicles pursuant to, and  
25 for related planning, monitoring, enforcement, and technical studies  
26 necessary for the implementation of, the California Clean Air Act  
27 of 1988 is adopted and approved by the governing board of the  
28 district.

29 (b) In districts with nonelected officials on their governing  
30 boards, the resolution shall be adopted and approved by both a  
31 majority of the governing board and a majority of the board  
32 members who are elected officials.

33 (c) An increase in fees established pursuant to this section shall  
34 become effective on either April 1 or October 1, as provided in  
35 the resolution adopted by the board pursuant to subdivision (a).

36 (d) This section shall become operative on January 1, 2015  
37 2024.

38 SEC. 9. Section 44229 of the Health and Safety Code, as  
39 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is  
40 amended to read:

1 44229. (a) After deducting all administrative costs it incurs  
2 through collection of fees pursuant to Section 44227, the  
3 Department of Motor Vehicles shall distribute the revenues to  
4 districts, which shall use the revenues resulting from the first four  
5 dollars (\$4) of each fee imposed to reduce air pollution from motor  
6 vehicles and to carry out related planning, monitoring, enforcement,  
7 and technical studies necessary for implementation of the California  
8 Clean Air Act of 1988. Fees collected by the Department of Motor  
9 Vehicles pursuant to this chapter shall be distributed to districts  
10 based upon the amount of fees collected from motor vehicles  
11 registered within each district.

12 (b) Notwithstanding ~~the provisions of~~ Sections 44241 and 44243,  
13 a district shall use the revenues resulting from the next two dollars  
14 (\$2) of each fee imposed pursuant to Section 44227 to implement  
15 the following programs that the district determines remediate air  
16 pollution harms created by motor vehicles on which the surcharge  
17 is imposed:

18 (1) Projects eligible for grants under the Carl Moyer Memorial  
19 Air Quality Standards Attainment Program (Chapter 9  
20 (commencing with Section 44275) of Part 5).

21 (2) The new purchase, retrofit, repower, or add-on equipment  
22 for previously unregulated agricultural sources of air pollution, as  
23 defined in Section 39011.5, for a minimum of three years from  
24 the date of adoption of an applicable rule or standard, or until the  
25 compliance date of that rule or standard, whichever is later, if the  
26 state board has determined that the rule or standard complies with  
27 Sections 40913, 40914, and 41503.1, after which period of time,  
28 a new purchase, retrofit, repower, or add-on of equipment shall  
29 not be funded pursuant to this chapter. The districts shall follow  
30 any guidelines developed under subdivision (a) of Section 44287  
31 for awarding grants under this program.

32 (3) The purchase of new, or retrofit of emissions control  
33 equipment for existing, schoolbuses pursuant to the  
34 Lower-Emission School Bus Program adopted by the state board.

35 (4) An accelerated vehicle retirement or repair program that is  
36 adopted by the state board pursuant to authority granted hereafter  
37 by the Legislature by statute.

38 (5) The replacement of onboard natural gas fuel tanks on  
39 schoolbuses owned by a school district that are 14 years or older,  
40 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state  
2 board.

3 (6) The enhancement of deteriorating natural gas fueling  
4 dispensers of fueling infrastructure operated by a school district  
5 with a one-time funding amount not to exceed five hundred dollars  
6 (\$500) per dispenser, pursuant to the Lower-Emission School Bus  
7 Program adopted by the state board.

8 (c) The Department of Motor Vehicles may annually expend  
9 not more than 1 percent of the fees collected pursuant to Section  
10 44227 on administrative costs.

11 (d) A project funded by the program shall not be used for credit  
12 under any state or federal emissions averaging, banking, or trading  
13 program. An emission reduction generated by the program shall  
14 not be used as marketable emission reduction credits or to offset  
15 any emission reduction obligation of any person or entity. Projects  
16 involving new engines that would otherwise generate marketable  
17 credits under state or federal averaging, banking, and trading  
18 programs shall include transfer of credits to the engine end user  
19 and retirement of those credits toward reducing air emissions in  
20 order to qualify for funding under the program. A purchase of a  
21 low-emission vehicle or of equipment pursuant to a corporate or  
22 a controlling board's policy, but not otherwise required by law,  
23 shall generate surplus emissions reductions and may be funded by  
24 the program.

25 (e) This section shall remain in effect only until January 1, 2015  
26 2024, and as of that date is repealed, unless a later enacted statute,  
27 that is enacted before January 1, 2015 2024, deletes or extends  
28 that date.

29 SEC. 10. Section 44229 of the Health and Safety Code, as  
30 added by Section 4.5 of Chapter 707 of the Statutes of 2004, is  
31 amended to read:

32 44229. (a) After deducting all administrative costs it incurs  
33 through collection of fees pursuant to Section 44227, the  
34 Department of Motor Vehicles shall distribute the revenues to  
35 districts which shall use the fees to reduce air pollution from motor  
36 vehicles and to carry out related planning, monitoring, enforcement,  
37 and technical studies necessary for implementation of the California  
38 Clean Air Act of 1988. Fees collected by the Department of Motor  
39 Vehicles pursuant to this chapter shall be distributed to districts

1 based upon the amount of fees collected from motor vehicles  
2 registered within each district.

3 (b) The Department of Motor Vehicles may annually expend  
4 not more than the following percentages of the fees collected  
5 pursuant to Section 44227 on administrative costs:

6 (1) During the first year after the operative date of this chapter,  
7 not more than 5 percent of the fees collected may be used for  
8 administrative costs.

9 (2) During the second year after the operative date of this  
10 chapter, not more than 3 percent of the fees collected may be used  
11 for administrative costs.

12 (3) During any year subsequent to the second year after the  
13 operative date of this chapter, not more than 1 percent of the fees  
14 collected may be used for administrative costs.

15 (c) This section shall become operative on January 1, 2015  
16 2024.

17 SEC. 11. Section 44275 of the Health and Safety Code, as  
18 amended by Section 5 of Chapter 707 of the Statutes of 2004, is  
19 amended to read:

20 44275. (a) As used in this chapter, the following terms have  
21 the following meanings:

22 (1) “Advisory board” means the Carl Moyer Program Advisory  
23 Board created by Section 44297.

24 (2) “Btu” means British thermal unit.

25 (3) “Commission” means the State Energy Resources  
26 Conservation and Development Commission.

27 (4) “Cost-effectiveness” means dollars provided to a project  
28 pursuant to subdivision (d) of Section 44283 for each ton of  
29 covered emission reduction attributed to a project or to the program  
30 as a whole. In calculating cost-effectiveness, one-time grants of  
31 funds made at the beginning of a project shall be annualized using  
32 a time value of public funds or discount rate determined for each  
33 project by the state board, taking into account the interest rate on  
34 bonds, interest earned by state funds, and other factors as  
35 determined appropriate by the state board. Cost-effectiveness shall  
36 be calculated by dividing annualized costs by average annual  
37 emissions reduction. The state board, in consultation with the  
38 districts and concerned members of the public, shall establish  
39 appropriate cost effective limits for oxides of nitrogen, particulate  
40 matter, and reactive organic gases and a reasonable system for

1 comparing the cost-effectiveness of proposed projects as described  
2 in subdivision (a) of Section 44283.

3 (5) “Covered emissions” include emissions of oxides of nitrogen,  
4 particulate matter, and reactive organic gases from any covered  
5 source.

6 (6) “Covered engine” includes any internal combustion engine  
7 or electric motor and drive powering a covered source.

8 (7) “Covered source” includes onroad vehicles offroad  
9 nonrecreational equipment and vehicles, locomotives, diesel marine  
10 vessels, agricultural sources of air pollution, as defined in Section  
11 39011.5, and, as determined by the state board, other high-emitting  
12 engine categories.

13 (8) “Covered vehicle” includes any vehicle or piece of  
14 equipment powered by a covered engine.

15 (9) “District” means a county air pollution control district or an  
16 air quality management district.

17 (10) “Fund” means the Carl Moyer Memorial Air Quality  
18 Standards Attainment Trust Fund created by Section 44299.

19 (11) “Mobile Source Air Pollution Reduction Review  
20 Committee” means the Mobile Source Air Pollution Reduction  
21 Review Committee created by Section 44244.

22 (12) “Incremental cost” means the cost of the project less a  
23 baseline cost that would otherwise be incurred by the applicant in  
24 the normal course of business. Incremental costs may include  
25 added lease or fuel costs pursuant to Section 44283 as well as  
26 incremental capital costs.

27 (13) “New very low emission vehicle” means a heavy-duty  
28 vehicle that qualifies as a very low emission vehicle when it is a  
29 new vehicle, where new vehicle has the same meaning as defined  
30 in Section 430 of the Vehicle Code, or that is modified with the  
31 approval and warranty of the original equipment manufacturer to  
32 qualify as a very low emission vehicle within 12 months of delivery  
33 to an owner for private or commercial use.

34 (14) “NO<sub>x</sub>” means oxides of nitrogen.

35 (15) “Program” means the Carl Moyer Memorial Air Quality  
36 Standards Attainment Program created by subdivision (a) of  
37 Section 44280.

38 (16) “Repower” means replacing an engine with a different  
39 engine. The term repower, as used in this chapter, generally refers  
40 to replacing an older, uncontrolled engine with a new,

1 emissions-certified engine, although replacing an older  
2 emissions-certified engine with a newer engine certified to lower  
3 emissions standards may be eligible for funding under this program.

4 (17) “Retrofit” means making modifications to the engine and  
5 fuel system such that the retrofitted engine does not have the same  
6 specifications as the original engine.

7 (18) “Very low emission vehicle” means a heavy-duty vehicle  
8 with emissions significantly lower than otherwise applicable  
9 baseline emission standards or uncontrolled emission levels  
10 pursuant to Section 44282.

11 (b) This section shall remain in effect only until January 1, 2015  
12 2024, and as of that date is repealed, unless a later enacted statute,  
13 that is enacted before January 1, 2015 2024, deletes or extends  
14 that date.

15 SEC. 12. Section 44275 of the Health and Safety Code, as  
16 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is  
17 amended to read:

18 44275. (a) As used in this chapter, the following terms have  
19 the following meaning:

20 (1) “Advisory board” means the Carl Moyer Program Advisory  
21 Board created by Section 44297.

22 (2) “Btu” means British thermal unit.

23 (3) “Commission” means the State Energy Resources  
24 Conservation and Development Commission.

25 (4) “Cost-effectiveness” means dollars provided to a project  
26 pursuant to subdivision (d) of Section 44283 for each ton of NO<sub>x</sub>  
27 reduction attributed to a project or to the program as a whole. In  
28 calculating cost-effectiveness, one-time grants of funds made at  
29 the beginning of a project shall be annualized using a time value  
30 of public funds or discount rate determined for each project by the  
31 state board, taking into account the interest rate on bonds, interest  
32 earned by state funds, and other factors as determined appropriate  
33 by the state board. Cost-effectiveness shall be calculated by  
34 dividing annualized costs by average annual emissions reduction  
35 of NO<sub>x</sub> in this state.

36 (5) “Covered engine” includes any internal combustion engine  
37 or electric motor and drive powering a covered source.

38 (6) “Covered source” includes onroad vehicles of 14,000 pounds  
39 GVWR or greater, offroad nonrecreational equipment and vehicles,  
40 locomotives, diesel marine vessels, stationary agricultural engines,

1 and, as determined by the state board, other high-emitting diesel  
2 engine categories.

3 (7) “Covered vehicle” includes any vehicle or piece of  
4 equipment powered by a covered engine.

5 (8) “District” means a county air pollution control district or an  
6 air quality management district.

7 (9) “Fund” means the Carl Moyer Memorial Air Quality  
8 Standards Attainment Trust Fund created by Section 44299.

9 (10) “Mobile Source Air Pollution Reduction Review  
10 Committee” means the Mobile Source Air Pollution Reduction  
11 Review Committee created by Section 44244.

12 (11) “Incremental cost” means the cost of the project less a  
13 baseline cost that would otherwise be incurred by the applicant in  
14 the normal course of business. Incremental costs may include  
15 added lease or fuel costs pursuant to Section 44283 as well as  
16 incremental capital costs.

17 (12) “New very low emission vehicle” means a vehicle that  
18 qualifies as a very low emission vehicle when it is a new vehicle,  
19 where new vehicle has the same meaning as defined in Section  
20 430 of the Vehicle Code, or that is modified with the approval and  
21 warranty of the original equipment manufacturer to qualify as a  
22 very low emission vehicle within 12 months of delivery to an  
23 owner for private or commercial use.

24 (13) “NO<sub>x</sub>” means oxides of nitrogen.

25 (14) “Program” means the Carl Moyer Memorial Air Quality  
26 Standards Attainment Program created by subdivision (a) of  
27 Section 44280.

28 (15) “Repower” means replacing an engine with a different  
29 engine. The term repower, as used in this chapter, generally refers  
30 to replacing an older, uncontrolled engine with a new,  
31 emissions-certified engine, although replacing an older  
32 emissions-certified engine with a newer engine certified to lower  
33 emissions standards may be eligible for funding under this program.

34 (16) “Retrofit” means making modifications to the engine and  
35 fuel system such that the retrofitted engine does not have the same  
36 specifications as the original engine.

37 (17) “Very low emission vehicle” means a vehicle with  
38 emissions significantly lower than otherwise applicable baseline  
39 emission standards or uncontrolled emission levels pursuant to  
40 Section 44282.

(b) This section shall become operative on January 1, 2015 2024.

SEC. 13. Section 44280 of the Health and Safety Code, as amended by Section 6 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce covered emissions from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. The infrastructure demonstration and technology development portions of the program shall be managed by the commission, in consultation with the state board.

(d) This section shall remain in effect only until January 1, 2015 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015 2024, deletes or extends that date.

SEC. 14. Section 44280 of the Health and Safety Code, as added by Section 6.5 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce emissions of NO<sub>x</sub> from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology

1 development efforts that are expected to result in commercially  
2 available technologies in the near-term that would improve the  
3 ability of the program to achieve its goals. The infrastructure  
4 demonstration and technology development portions of the program  
5 shall be managed by the commission, in consultation with the state  
6 board.

7 (d) This section shall become operative on January 1, 2015  
8 2024.

9 SEC. 15. Section 44281 of the Health and Safety Code, as  
10 amended by Section 7 of Chapter 707 of the Statutes of 2004, is  
11 amended to read:

12 44281. (a) Eligible projects include, but are not limited to, any  
13 of the following:

14 (1) Purchase of new very low or zero-emission covered vehicles  
15 or covered heavy-duty engines.

16 (2) Emission-reducing retrofit of covered engines, or  
17 replacement of old engines powering covered sources with newer  
18 engines certified to more stringent emissions standards than the  
19 engine being replaced, or with electric motors or drives.

20 (3) Purchase and use of emission-reducing add-on equipment  
21 that has been verified by the state board for covered vehicles.

22 (4) Development and demonstration of practical, low-emission  
23 retrofit technologies, repower options, and advanced technologies  
24 for covered engines and vehicles with very low emissions of oxides  
25 of nitrogen.

26 (5) Light- and medium-duty vehicle projects in compliance with  
27 guidelines adopted by the state board pursuant to Title 13 of the  
28 California Code of Regulations.

29 (b) No project shall be funded under this chapter after the  
30 compliance date required by any local, state, or federal statute,  
31 rule, regulation, memoranda of agreement or understanding, or  
32 other legally binding document, except that an otherwise qualified  
33 project may be funded even if the State Implementation Plan  
34 assumes that the change in equipment, vehicles, or operations will  
35 occur, if the change is not required by the compliance date of a  
36 statute, regulation, or other legally binding document in effect as  
37 of the date the grant is awarded. No project funded by the program  
38 shall be used for credit under any state or federal emissions  
39 averaging, banking, or trading program. No emission reduction  
40 generated by the program shall be used as marketable emission

1 reduction credits or to offset any emission reduction obligation of  
2 any person or entity. Projects involving new engines that would  
3 otherwise generate marketable credits under state or federal  
4 averaging, banking, and trading programs shall include transfer  
5 of credits to the engine end user and retirement of those credits  
6 toward reducing air emissions in order to qualify for funding under  
7 the program. A purchase of a low-emission vehicle or of equipment  
8 pursuant to a corporate or a controlling board's policy, but not  
9 otherwise required by law, shall generate surplus emissions  
10 reductions and may be funded by the program.

11 (c) The program may also provide funding toward installation  
12 of fueling or electrification infrastructure as provided in Section  
13 44284.

14 (d) Eligible applicants may be any individual, company, or  
15 public agency that owns one or more covered vehicles that operate  
16 primarily within California or otherwise contribute substantially  
17 to the NO<sub>x</sub>, PM or ROG emissions inventory in California.

18 (e) It is the intent of the Legislature that all emission reductions  
19 generated by this chapter shall contribute to public health by  
20 reducing, for the life of the vehicle being funded, the total amount  
21 of emissions in California.

22 (f) This section shall remain in effect only until **January 1, 2015**  
23 **2024**, and as of that date is repealed, unless a later enacted statute,  
24 that is enacted before **January 1, 2015 2024**, deletes or extends  
25 that date.

26 SEC. 16. Section 44281 of the Health and Safety Code, as  
27 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is  
28 amended to read:

29 44281. (a) Eligible projects are any of the following:

30 (1) Purchase of new very low or zero-emission covered vehicles  
31 or covered engines.

32 (2) Emission-reducing retrofit of covered engines, or  
33 replacement of old engines powering covered sources with newer  
34 engines certified to more stringent emissions standards than the  
35 engine being replaced, or with electric motors or drives.

36 (3) Purchase and use of emission-reducing add-on equipment  
37 for covered vehicles.

38 (4) Development and demonstration of practical, low-emission  
39 retrofit technologies, repower options, and advanced technologies

1 for covered engines and vehicles with very low emissions of oxides  
2 of nitrogen.

3 (b) No new purchase, retrofit, repower, or add-on equipment  
4 shall be funded under this chapter if it is required by any local,  
5 state, or federal statute, rule, regulation, memoranda of agreement  
6 or understanding, or other legally binding document, except that  
7 an otherwise qualified project may be funded even if the State  
8 Implementation Plan assumes that the change in equipment,  
9 vehicles, or operations will occur, if the change is not required by  
10 a statute, regulation, or other legally binding document in effect  
11 as of the date the grant is awarded. No project funded by the  
12 program shall be used for credit under any state or federal  
13 emissions averaging, banking, or trading program. No emission  
14 reduction generated by the program shall be used as marketable  
15 emission reduction credits or to offset any emission reduction  
16 obligation of any entity. Projects involving new engines that would  
17 otherwise generate marketable credits under state or federal  
18 averaging, banking, and trading programs shall include transfer  
19 of credits to the engine end user and retirement of those credits  
20 toward reducing air emissions in order to qualify for funding under  
21 the program. A purchase of a low-emission vehicle or of equipment  
22 pursuant to a corporate or a controlling board's policy, but not  
23 otherwise required by law, shall generate surplus emissions  
24 reductions and may be funded by the program.

25 (c) The program may also provide funding toward installation  
26 of fueling or electrification infrastructure as provided in Section  
27 44284.

28 (d) Eligible applicants may be any individual, company, or  
29 public agency that owns one or more covered vehicles that operate  
30 primarily within California or otherwise contribute substantially  
31 to the NO<sub>x</sub> emissions inventory in California.

32 (e) It is the intent of the Legislature that all emission reductions  
33 generated by this chapter shall contribute to public health by  
34 reducing, for the life of the vehicle being funded, the total amount  
35 of emissions in California.

36 (f) This section shall become operative on January 1, 2015 2024.

37 SEC. 17. Section 44282 of the Health and Safety Code, as  
38 amended by Section 8 of Chapter 707 of the Statutes of 2004, is  
39 amended to read:

1 44282. The following criteria apply to all projects to be funded  
2 through the program except for projects funded through the  
3 Advanced Technology Account and the Infrastructure  
4 Demonstration Program:

5 (a) The state board may establish project criteria, including  
6 minimum project life for source categories, in the guidelines  
7 described in Section 44287. For previously unregulated source  
8 categories, project criteria shall consider the timing of newly  
9 established regulatory requirements.

10 (b) To be eligible, projects shall meet the cost-effectiveness per  
11 ton of covered emissions reduced requirements of Section 44283.

12 (c) To be eligible, retrofits, repowers, and installation of add-on  
13 equipment for covered vehicles shall be performed, or new covered  
14 vehicles delivered to the end user, or covered vehicles scrapped  
15 on or after the date the program is implemented.

16 (d) Retrofit technologies, new engines, and new vehicles shall  
17 be certified for sale or under experimental permit for operation in  
18 California.

19 (e) Repower projects that replace older, uncontrolled engines  
20 with new, emissions-certified engines or that replace  
21 emissions-certified engines with new engines certified to a more  
22 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
23 other applicable selection criteria. The state board shall determine  
24 appropriate baseline emission levels for the uncontrolled engines  
25 being replaced.

26 (f) For heavy-duty-vehicle projects, retrofit and add-on  
27 equipment projects shall document a NO<sub>x</sub> or PM emission  
28 reduction of at least 25 percent and no increase in other covered  
29 emissions compared to the applicable baseline emissions accepted  
30 by the state board for that engine year and application. The state  
31 board shall determine appropriate baseline emission levels.  
32 Acceptable documentation shall be defined by the state board.  
33 After study of available emission reduction technologies and after  
34 public notice and comment, the state board may revise the  
35 minimum percentage emission reduction criterion for retrofits and  
36 add-on equipment provided for in this section to improve the ability  
37 of the program to achieve its goals.

38 (g) (1) For heavy-duty-vehicle projects involving the purchase  
39 of new very low or zero-emission vehicles, engines shall be

1 certified to an optional low NO<sub>x</sub> emissions standard established  
2 by the state board, except as provided for in paragraph (2).

3 (2) For heavy-duty-vehicle projects involving the purchase of  
4 new very low or zero-emission covered vehicles for which no  
5 optional low NO<sub>x</sub> emission standards are available, documentation  
6 shall be provided showing that the low or zero-emission engine  
7 emits not more than 70 percent of the NO<sub>x</sub> or NO<sub>x</sub> plus  
8 hydrocarbon emissions of a new engine certified to the applicable  
9 baseline NO<sub>x</sub> or NO<sub>x</sub> plus hydrocarbon emission standard for that  
10 engine and meets applicable particulate standards. The state board  
11 shall specify the documentation required. If no baseline emission  
12 standard exists for new vehicles in a particular category, the state  
13 board shall determine an appropriate baseline emission level for  
14 comparison.

15 (h) For projects other than heavy-duty-vehicle projects, the state  
16 board shall determine appropriate criteria under the provisions of  
17 Section 44287.

18 (i) This section shall remain in effect only until January 1, 2015  
19 2024, and as of that date is repealed, unless a later enacted statute,  
20 that is enacted before January 1, 2015 2024, deletes or extends  
21 that date.

22 SEC. 18. Section 44282 of the Health and Safety Code, as  
23 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is  
24 amended to read:

25 44282. The following criteria apply to all projects to be funded  
26 through the program except for projects funded through the  
27 Advanced Technology Account and the Infrastructure  
28 Demonstration Program:

29 (a) Except for projects involving marine vessels, 75 percent or  
30 more of vehicle miles traveled or hours of operation shall be  
31 projected to be in California for at least five years following the  
32 grant award. Projects involving marine vessels and engines shall  
33 be limited to those that spend enough time operating in California  
34 air basins over the lifetime of the project to meet the  
35 cost-effectiveness criteria based on NO<sub>x</sub> reductions in California,  
36 as provided in Section 44283.

37 (b) To be eligible, projects shall meet cost-effectiveness per ton  
38 of NO<sub>x</sub> reduced requirements of Section 44283.

39 (c) To be eligible, retrofits, repowers, and installation of add-on  
40 equipment for covered vehicles shall be performed, or new covered

1 vehicles delivered to the end user, on or after the date the program  
2 is implemented.

3 (d) Retrofit technologies, new engines, and new vehicles shall  
4 be certified for sale or under experimental permit for operation in  
5 California.

6 (e) Repower projects that replace older, uncontrolled engines  
7 with new, emissions-certified engines or that replace  
8 emissions-certified engines with new engines certified to a more  
9 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
10 other applicable selection criteria. The state board shall determine  
11 appropriate baseline emission levels for the uncontrolled engines  
12 being replaced.

13 (f) Retrofit and add-on equipment projects shall document a  
14 NO<sub>x</sub> emission reduction of at least 25 percent and no increase in  
15 particulate emissions compared to the applicable baseline emissions  
16 accepted by the state board for that engine year and application.  
17 The state board shall determine appropriate baseline emission  
18 levels. Acceptable documentation shall be defined by the state  
19 board. After study of available emission reduction technologies  
20 and after public notice and comment, the state board may revise  
21 the minimum percentage NO<sub>x</sub> reduction criterion for retrofits and  
22 add-on equipment provided for in this section to improve the ability  
23 of the program to achieve its goals.

24 (g) (1) For projects involving the purchase of new very low or  
25 zero-emission vehicles, engines shall be certified to an optional  
26 low NO<sub>x</sub> emissions standard established by the state board, except  
27 as provided for in paragraph (2).

28 (2) For projects involving the purchase of new very low or  
29 zero-emission covered vehicles for which no optional low NO<sub>x</sub>  
30 emission standards are available, documentation shall be provided  
31 showing that the low or zero-emission engine emits not more than  
32 70 percent of the NO<sub>x</sub> or NO<sub>x</sub> plus hydrocarbon emissions of a  
33 new engine certified to the applicable baseline NO<sub>x</sub> or NO<sub>x</sub> plus  
34 hydrocarbon emission standard for that engine and meets applicable  
35 particulate standards. The state board shall specify the  
36 documentation required. If no baseline emission standard exists  
37 for new vehicles in a particular category, the state board shall  
38 determine an appropriate baseline emission level for comparison.

39 (h) This section shall become operative on January 1, 2015  
40 2024.

1 SEC. 19. Section 44283 of the Health and Safety Code, as  
2 amended by Section 1 of Chapter 571 of the Statutes of 2010, is  
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a  
5 cost-effectiveness, calculated in accordance with this section, of  
6 more than thirteen thousand six hundred dollars (\$13,600) per ton  
7 of NO<sub>x</sub> reduced in California or a higher value that reflects state  
8 consumer price index adjustments on or after January 1, 2006, as  
9 determined by the state board. For projects obtaining reactive  
10 organic gas and particulate matter reductions, the state board shall  
11 determine appropriate adjustment factors to calculate a weighted  
12 cost-effectiveness.

13 (b) Only covered emission reductions occurring in this state  
14 shall be included in the cost-effectiveness determination. The  
15 extent to which emissions generated at sea contribute to air quality  
16 in California nonattainment areas shall be incorporated into these  
17 methodologies based on a reasonable assessment of currently  
18 available information and modeling assumptions.

19 (c) The state board shall develop protocols for calculating the  
20 surplus covered emission reductions in California from  
21 representative project types over the life of the project.

22 (d) The cost of the covered emission reduction is the amount  
23 of the grant from the program, including matching funds provided  
24 pursuant to subdivision (e) of Section 44287, plus any other state  
25 funds, or funds under the district's budget authority or fiduciary  
26 control, provided toward the project, not including funds described  
27 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
28 The state board shall establish reasonable methodologies for  
29 evaluating project cost-effectiveness, consistent with the definition  
30 contained in paragraph (4) of subdivision (a) of Section 44275,  
31 and with accepted methods, taking into account a fair and  
32 reasonable discount rate or time value of public funds.

33 (e) A grant shall not be made that, net of taxes, provides the  
34 applicant with funds in excess of the incremental cost of the project.  
35 Incremental lease costs may be capitalized according to guidelines  
36 adopted by the state board so that these incremental costs may be  
37 offset by a one-time grant award.

38 (f) Funds under a district's budget authority or fiduciary control  
39 may be used to pay for the incremental cost of liquid or gaseous  
40 fuel, other than standard gasoline or diesel, which is integral to a

1 covered emission reducing technology that is part of a project  
2 receiving grant funding under the program. The fuel shall be  
3 approved for sale by the state board. The incremental fuel cost  
4 over the expected lifetime of the vehicle may be offset by the  
5 district if the project as a whole, including the incremental fuel  
6 cost, meets all of the requirements of this chapter, including the  
7 maximum allowed cost-effectiveness. The state board shall develop  
8 an appropriate methodology for converting incremental fuel costs  
9 over the vehicle lifetime into an initial cost for the purposes of  
10 determining project cost-effectiveness. Incremental fuel costs shall  
11 not be included in project costs for fuels dispensed from any facility  
12 that was funded, in whole or in part, from the fund.

13 (g) For purposes of determining any grant amount pursuant to  
14 this chapter, the incremental cost of any new purchase, retrofit,  
15 repower, or add-on equipment shall be reduced by the value of  
16 any current financial incentive that directly reduces the project  
17 price, including any tax credits or deductions, grants, or other  
18 public financial assistance, not including funds described in  
19 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
20 Project proponents applying for funding shall be required to state  
21 in their application any other public financial assistance to the  
22 project.

23 (h) For projects that would repower offroad equipment by  
24 replacing uncontrolled diesel engines with new, certified diesel  
25 engines, the state board may establish maximum grant award  
26 amounts per repower. A repower project shall also be subject to  
27 the incremental cost maximum pursuant to subdivision (e).

28 (i) After study of available emission reduction technologies and  
29 costs and after public notice and comment, the state board may  
30 reduce the values of the maximum grant award criteria stated in  
31 this section to improve the ability of the program to achieve its  
32 goals. Every year the state board shall adjust the maximum  
33 cost-effectiveness amount established in subdivision (a) and any  
34 per-project maximum set by the state board pursuant to subdivision  
35 (h) to account for inflation.

36 (j) This section shall remain in effect only until January 1, 2015  
37 2024, and as of that date is repealed, unless a later enacted statute,  
38 that is enacted before January 1, 2015 2024, deletes or extends  
39 that date.

1 SEC. 20. Section 44283 of the Health and Safety Code, as  
2 amended by Section 2 of Chapter 571 of the Statutes of 2010, is  
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a  
5 cost-effectiveness, calculated in accordance with this section, of  
6 more than twelve thousand dollars (\$12,000) per ton of NO<sub>x</sub>  
7 reduced in California or a higher value that reflects state consumer  
8 price index adjustments on or after January 1, ~~2015~~ 2024, as  
9 determined by the state board.

10 (b) Only NO<sub>x</sub> reductions occurring in this state shall be included  
11 in the cost-effectiveness determination. The extent to which  
12 emissions generated at sea contribute to air quality in California  
13 nonattainment areas shall be incorporated into these methodologies  
14 based on a reasonable assessment of currently available information  
15 and modeling assumptions.

16 (c) The state board shall develop protocols for calculating the  
17 surplus NO<sub>x</sub> reductions in California from representative project  
18 types over the life of the project.

19 (d) The cost of the NO<sub>x</sub> reduction is the amount of the grant  
20 from the program, including matching funds provided pursuant to  
21 subdivision (e) of Section 44287, plus any other state funds, or  
22 funds under the district's budget authority or fiduciary control,  
23 provided toward the project, not including funds described in  
24 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The  
25 state board shall establish reasonable methodologies for evaluating  
26 project cost-effectiveness, consistent with the definition contained  
27 in paragraph (4) of subdivision (a) of Section 44275, and with  
28 accepted methods, taking into account a fair and reasonable  
29 discount rate or time value of public funds.

30 (e) A grant shall not be made that, net of taxes, provides the  
31 applicant with funds in excess of the incremental cost of the project.  
32 Incremental lease costs may be capitalized according to guidelines  
33 adopted by the state board so that these incremental costs may be  
34 offset by a one-time grant award.

35 (f) Funds under a district's budget authority or fiduciary control  
36 may be used to pay for the incremental cost of liquid or gaseous  
37 fuel, other than standard gasoline or diesel, which is integral to a  
38 NO<sub>x</sub> reducing technology that is part of a project receiving grant  
39 funding under the program. The fuel shall be approved for sale by  
40 the state board. The incremental fuel cost over the expected lifetime

1 of the vehicle may be offset by the district if the project as a whole,  
2 including the incremental fuel cost, meets all of the requirements  
3 of this chapter, including the maximum allowed cost-effectiveness.  
4 The state board shall develop an appropriate methodology for  
5 converting incremental fuel costs over the vehicle lifetime into an  
6 initial cost for the purposes of determining project  
7 cost-effectiveness. Incremental fuel costs shall not be included in  
8 project costs for fuels dispensed from any facility that was funded,  
9 in whole or in part, from the fund.

10 (g) For purposes of determining any grant amount pursuant to  
11 this chapter, the incremental cost of any new purchase, retrofit,  
12 repower, or add-on equipment shall be reduced by the value of  
13 any current financial incentive that directly reduces the project  
14 price, including any tax credits or deductions, grants, or other  
15 public financial assistance, not including funds described in  
16 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
17 Project proponents applying for funding shall be required to state  
18 in their application any other public financial assistance to the  
19 project.

20 (h) For projects that would repower offroad equipment by  
21 replacing uncontrolled diesel engines with new, certified diesel  
22 engines, the state board may establish maximum grant award  
23 amounts per repower. A repower project shall also be subject to  
24 the incremental cost maximum pursuant to subdivision (e).

25 (i) After study of available emission reduction technologies and  
26 costs and after public notice and comment, the state board may  
27 reduce the values of the maximum grant award criteria stated in  
28 this section to improve the ability of the program to achieve its  
29 goals. Every year the state board shall adjust the maximum  
30 cost-effectiveness amount established in subdivision (a) and any  
31 per-project maximum set by the state board pursuant to subdivision  
32 (h) to account for inflation.

33 (j) This section shall become operative on ~~January 1, 2015~~ 2024.  
34 SEC. 21. Section 44287 of the Health and Safety Code, as  
35 amended by Section 10 of Chapter 707 of the Statutes of 2004, is  
36 amended to read:

37 44287. (a) The state board shall establish or update grant  
38 criteria and guidelines consistent with this chapter for covered  
39 vehicle projects as soon as practicable, but not later than January  
40 1, 2006. The adoption of guidelines is exempt from the rulemaking

1 provisions of the Administrative Procedure Act, Chapter 3.5  
2 (commencing with Section 11340) of Part 1 of Division 3 of Title  
3 2 of the Government Code. The state board shall solicit input and  
4 comment from the districts during the development of the criteria  
5 and guidelines and shall make every effort to develop criteria and  
6 guidelines that are compatible with existing district programs that  
7 are also consistent with this chapter. Guidelines shall include  
8 protocols to calculate project cost-effectiveness. The grant criteria  
9 and guidelines shall include safeguards to ensure that the project  
10 generates surplus emissions reductions. Guidelines shall enable  
11 and encourage districts to cofund projects that provide emissions  
12 reductions in more than one district. The state board shall make  
13 draft criteria and guidelines available to the public 45 days before  
14 final adoption, and shall hold at least one public meeting to  
15 consider public comments before final adoption. The state board  
16 may develop separate guidelines and criteria for the different types  
17 of eligible projects described in subdivision (a) of Section 44281.

18 (b) The state board, in consultation with the participating  
19 districts, may propose revisions to the criteria and guidelines  
20 established pursuant to subdivision (a) as necessary to improve  
21 the ability of the program to achieve its goals. A proposed revision  
22 shall be made available to the public 45 days before final adoption  
23 of the revision and the state board shall hold at least one public  
24 meeting to consider public comments before final adoption of the  
25 revision.

26 (c) The state board shall reserve funds for, and disburse funds  
27 to, districts from the fund for administration pursuant to this section  
28 and Section 44299.1.

29 (d) The state board shall develop guidelines for a district to  
30 follow in applying for the reservation of funds, in accordance with  
31 this chapter. It is the intent of the Legislature that district  
32 administration of any reserved funds be in accordance with the  
33 project selection criteria specified in Sections 44281, 44282, and  
34 44283 and all other provisions of this chapter. The guidelines shall  
35 be established and published by the state board as soon as  
36 practicable, but not later than January 1, 2006.

37 (e) Funds shall be reserved by the state board for administration  
38 by a district that adopts an eligible program pursuant to this chapter  
39 and offers matching funds at a ratio of one dollar (\$1) of matching  
40 funds committed by the district or the Mobile Source Air Pollution

1 Reduction Review Committee for every two dollars (\$2) committed  
2 from the fund. Funds available to the Mobile Source Air Pollution  
3 Reduction Review Committee may be counted as matching funds  
4 for projects in the South Coast Air Basin only if the committee  
5 approves the use of these funds for matching purposes. Matching  
6 funds may be any funds under the district's budget authority that  
7 are committed to be expended in accordance with the program.  
8 Funds committed by a port authority or a local government, in  
9 cooperation with a district, to be expended in accordance with the  
10 program may also be counted as district matching funds. Matching  
11 funds provided by a port authority or a local government may not  
12 exceed 30 percent of the total required matching funds in any  
13 district that applies for more than three hundred thousand dollars  
14 (\$300,000) of the state board funds. Only a district, or a port  
15 authority or a local government teamed with a district, may provide  
16 matching funds.

17 (f) The state board may adjust the ratio of matching funds  
18 described in subdivision (e), if it determines that an adjustment is  
19 necessary in order to maximize the use of, or the air quality benefits  
20 provided by, the program, based on a consideration of the financial  
21 resources of the district.

22 (g) Notwithstanding subdivision (e), a district need not provide  
23 matching funds for state board funds allocated to the district for  
24 program outreach activities pursuant to paragraph (4) of subdivision  
25 (a) of Section 44299.1.

26 (h) A district may include within its matching funds a reasonable  
27 estimate of direct or in-kind costs for assistance in providing  
28 program outreach and application evaluation. In-kind and direct  
29 matching funds shall not exceed 15 percent of the total matching  
30 funds offered by a district. A district may also include within its  
31 matching funds any money spent on or after February 25, 1999,  
32 that would have qualified as matching funds but were not  
33 previously claimed as matching funds.

34 (i) A district desiring a reservation of funds shall apply to the  
35 state board following the application guidelines established  
36 pursuant to this section. The state board shall approve or disapprove  
37 a district application not later than 60 days after receipt. Upon  
38 approval of any district application, the state board shall  
39 simultaneously approve a reservation of funding for that district

1 to administer. Reserved funds shall be disbursed to the district so  
2 that funding of a district-approved project is not impeded.

3 (j) Notwithstanding any other provision of this chapter, districts  
4 and the Mobile Source Air Pollution Reduction Review Committee  
5 shall not use funds collected pursuant to Section 41081 or Chapter  
6 7 (commencing with Section 44220), or pursuant to Section  
7 9250.11 of the Vehicle Code, as matching funds to fund a project  
8 with stationary or portable engines, locomotives, or marine vessels.

9 (k) Any funds reserved for a district pursuant to this section are  
10 available to the district for a period of not more than two years  
11 from the time of reservation. Funds not expended by June 30 of  
12 the second calendar year following the date of the reservation shall  
13 revert back to the state board as of that June 30, and shall be  
14 deposited in the Covered Vehicle Account established pursuant to  
15 Section 44299. The funds may then be redirected based on  
16 applications to the fund. Regardless of any reversion of funds back  
17 to the state board, the district may continue to request other  
18 reservations of funds for local administration. Each reservation of  
19 funds shall be accounted for separately, and unused funds from  
20 each application shall revert back to the state board as specified  
21 in this subdivision.

22 (l) The state board shall specify a date each year when district  
23 applications are due. If the eligible applications received in any  
24 year oversubscribe the available funds, the state board shall reserve  
25 funds on an allocation basis, pursuant to Section 44299.2. The  
26 state board may accept a district application after the due date for  
27 a period of months specified by the state board. Funds may be  
28 reserved in response to those applications, in accordance with this  
29 chapter, out of funds remaining after the original reservation of  
30 funds for the year.

31 (m) Guidelines for a district application shall require information  
32 from an applicant district to the extent necessary to meet the  
33 requirements of this chapter, but shall otherwise minimize the  
34 information required of a district.

35 (n) A district application shall be reviewed by the state board  
36 immediately upon receipt. If the state board determines that an  
37 application is incomplete, the applicant shall be notified within 10  
38 working days with an explanation of what is missing from the  
39 application. A completed application fulfilling the criteria shall be

1 approved as soon as practicable, but not later than 60 working days  
2 after receipt.

3 (o) The commission, in consultation with the districts, shall  
4 establish project approval criteria and guidelines for infrastructure  
5 projects consistent with Section 44284 as soon as practicable, but  
6 not later than February 15, 2000. The commission shall make draft  
7 criteria and guidelines available to the public 45 days before final  
8 adoption, and shall hold at least one public meeting to consider  
9 public comments before final adoption.

10 (p) The commission, in consultation with the participating  
11 districts, may propose revisions to the criteria and guidelines  
12 established pursuant to subdivision (o) as necessary to improve  
13 the ability of the program to achieve its goals. A revision may be  
14 proposed at any time, or may be proposed in response to a finding  
15 made in the annual report on the program published by the state  
16 board pursuant to Section 44295. A proposed revision shall be  
17 made available to the public 45 days before final adoption of the  
18 revision and the commission shall hold at least one public meeting  
19 to consider public comments before final adoption of the revision.

20 (q) Unclaimed funds will be allocated by the state board in  
21 accordance with Section 44299.2.

22 (r) This section shall remain in effect only until January 1, 2015  
23 2024, and as of that date is repealed, unless a later enacted statute,  
24 that is enacted before January 1, 2015 2024, deletes or extends  
25 that date.

26 SEC. 22. Section 44287 of the Health and Safety Code, as  
27 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is  
28 amended to read:

29 44287. (a) The state board shall establish grant criteria and  
30 guidelines consistent with this chapter for covered vehicle projects  
31 as soon as practicable, but not later than January 1, 2000. The  
32 adoption of guidelines is exempt from the rulemaking provisions  
33 of the Administrative Procedure Act, Chapter 3.5 (commencing  
34 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
35 Government Code. The state board shall solicit input and comment  
36 from the districts during the development of the criteria and  
37 guidelines and shall make every effort to develop criteria and  
38 guidelines that are compatible with existing district programs that  
39 are also consistent with this chapter. Guidelines shall include  
40 protocols to calculate project cost-effectiveness. The grant criteria

1 and guidelines shall include safeguards to ensure that the project  
2 generates surplus emissions reductions. Guidelines shall enable  
3 and encourage districts to cofund projects that provide emissions  
4 reductions in more than one district. The state board shall make  
5 draft criteria and guidelines available to the public 45 days before  
6 final adoption, and shall hold at least one public meeting to  
7 consider public comments before final adoption.

8 (b) The state board, in consultation with the participating  
9 districts, may propose revisions to the criteria and guidelines  
10 established pursuant to subdivision (a) as necessary to improve  
11 the ability of the program to achieve its goals. A proposed revision  
12 shall be made available to the public 45 days before final adoption  
13 of the revision and the state board shall hold at least one public  
14 meeting to consider public comments before final adoption of the  
15 revision.

16 (c) The state board shall reserve funds for, and disburse funds  
17 to, districts from the fund for administration pursuant to this section  
18 and Section 44299.1.

19 (d) The state board shall develop guidelines for a district to  
20 follow in applying for the reservation of funds, in accordance with  
21 this chapter. It is the intent of the Legislature that district  
22 administration of any reserved funds be in accordance with the  
23 project selection criteria specified in Sections 44281, 44282, and  
24 44283 and all other provisions of this chapter. The guidelines shall  
25 be established and published by the state board as soon as  
26 practicable, but not later than January 1, 2000.

27 (e) Funds shall be reserved by the state board for administration  
28 by a district that adopts an eligible program pursuant to this chapter  
29 and offers matching funds at a ratio of one dollar (\$1) of matching  
30 funds committed by the district or the Mobile Source Air Pollution  
31 Reduction Review Committee for every two dollars (\$2) committed  
32 from the fund. Funds available to the Mobile Source Air Pollution  
33 Reduction Review Committee may be counted as matching funds  
34 for projects in the South Coast Air Basin only if the committee  
35 approves the use of these funds for matching purposes. Matching  
36 funds may be any funds under the district's budget authority that  
37 are committed to be expended in accordance with the program.  
38 Funds committed by a port authority or a local government, in  
39 cooperation with a district, to be expended in accordance with the  
40 program may also be counted as district matching funds. Matching

1 funds provided by a port authority or a local government may not  
2 exceed 30 percent of the total required matching funds in any  
3 district that applies for more than three hundred thousand dollars  
4 (\$300,000) of the state board funds. Only a district, or a port  
5 authority or a local government teamed with a district, may provide  
6 matching funds.

7 (f) The state board may adjust the ratio of matching funds  
8 described in subdivision (e), if it determines that an adjustment is  
9 necessary in order to maximize the use of, or the air quality benefits  
10 provided by, the program, based on a consideration of the financial  
11 resources of the district.

12 (g) Notwithstanding subdivision (e), a district need not provide  
13 matching funds for state board funds allocated to the district for  
14 program outreach activities pursuant to paragraph (4) of subdivision  
15 (a) of Section 44299.1.

16 (h) A district may include within its matching funds a reasonable  
17 estimate of direct or in-kind costs for assistance in providing  
18 program outreach and application evaluation. In-kind and direct  
19 matching funds shall not exceed 15 percent of the total matching  
20 funds offered by a district. A district may also include within its  
21 matching funds any money spent on or after February 25, 1999,  
22 that would have qualified as matching funds but were not  
23 previously claimed as matching funds.

24 (i) A district desiring a reservation of funds shall apply to the  
25 state board following the application guidelines established  
26 pursuant to this section. The state board shall approve or disapprove  
27 a district application not later than 60 days after receipt. Upon  
28 approval of any district application, the state board shall  
29 simultaneously approve a reservation of funding for that district  
30 to administer. Reserved funds shall be disbursed to the district so  
31 that funding of a district-approved project is not impeded.

32 (j) Notwithstanding any other provision of this chapter, districts  
33 and the Mobile Source Air Pollution Reduction Review Committee  
34 shall not use funds collected pursuant to Section 41081 or Chapter  
35 7 (commencing with Section 44220), or pursuant to Section  
36 9250.11 of the Vehicle Code, as matching funds to fund a project  
37 with stationary or portable engines, locomotives, or marine vessels.

38 (k) Any funds reserved for a district pursuant to this section are  
39 available to the district for a period of not more than two years  
40 from the time of reservation. Funds not expended by June 30 of

1 the second calendar year following the date of the reservation shall  
2 revert back to the state board as of that June 30, and shall be  
3 deposited in the Covered Vehicle Account established pursuant to  
4 Section 44299. The funds may then be redirected based on  
5 applications to the fund. Regardless of any reversion of funds back  
6 to the state board, the district may continue to request other  
7 reservations of funds for local administration. Each reservation of  
8 funds shall be accounted for separately, and unused funds from  
9 each application shall revert back to the state board as specified  
10 in this subdivision.

11 (l) The state board shall specify a date each year when district  
12 applications are due. If the eligible applications received in any  
13 year oversubscribe the available funds, the state board shall reserve  
14 funds on an allocation basis, pursuant to subdivision (b) of Section  
15 44299.1. The state board may accept a district application after  
16 the due date for a period of months specified by the state board.  
17 Funds may be reserved in response to those applications, in  
18 accordance with this chapter, out of funds remaining after the  
19 original reservation of funds for the year.

20 (m) Guidelines for a district application shall require information  
21 from an applicant district to the extent necessary to meet the  
22 requirements of this chapter, but shall otherwise minimize the  
23 information required of a district.

24 (n) A district application shall be reviewed by the state board  
25 immediately upon receipt. If the state board determines that an  
26 application is incomplete, the applicant shall be notified within 10  
27 working days with an explanation of what is missing from the  
28 application. A completed application fulfilling the criteria shall be  
29 approved as soon as practicable, but not later than 60 working days  
30 after receipt.

31 (o) The state board, in consultation with the districts, shall  
32 establish project approval criteria and guidelines for infrastructure  
33 projects consistent with Section 44284 as soon as practicable, but  
34 not later than February 15, 2000. The commission shall make draft  
35 criteria and guidelines available to the public 45 days before final  
36 adoption, and shall hold at least one public meeting to consider  
37 public comments before final adoption.

38 (p) The state board, in consultation with the participating  
39 districts, may propose revisions to the criteria and guidelines  
40 established pursuant to subdivision (o) as necessary to improve

1 the ability of the program to achieve its goals. A revision may be  
2 proposed at any time, or may be proposed in response to a finding  
3 made in the annual report on the program published by the state  
4 board pursuant to Section 44295. A proposed revision shall be  
5 made available to the public 45 days before final adoption of the  
6 revision and the commission shall hold at least one public meeting  
7 to consider public comments before final adoption of the revision.

8 (q) This section shall become operative on **January 1, 2015**  
9 **2024.**

10 SEC. 23. Section 44299.1 of the Health and Safety Code, as  
11 amended by Section 3 of Chapter 627 of the Statutes of 2006, is  
12 amended to read:

13 44299.1. (a) To ensure that emission reductions are obtained  
14 as needed from pollution sources, any money deposited in or  
15 appropriated to the fund shall be segregated and administered as  
16 follows:

17 (1) Not more than 2 percent of the moneys in the fund shall be  
18 allocated to program support and outreach costs incurred by the  
19 state board and the commission directly associated with  
20 implementing the program pursuant to this chapter. These funds  
21 shall be allocated to the state board and the commission in  
22 proportion to total program funds administered by the state board  
23 and the commission.

24 (2) Not more than 2 percent of the moneys in the fund shall be  
25 allocated to direct program outreach activities. The state board  
26 may use these funds for program outreach contracts or may allocate  
27 outreach funds to participating air districts in proportion to each  
28 district's allocation from the Covered Vehicle Account. The state  
29 board shall report on the use of outreach funds in their reports to  
30 the Legislature pursuant to Section 44295.

31 (3) The balance shall be deposited in the Covered Vehicle  
32 Account to be expended to offset added costs of new very low or  
33 zero-emission vehicle technologies, and emission reducing  
34 repowers, retrofits, and add-on equipment for covered vehicles  
35 and engines, and other projects specified in Section 44281.

36 (b) Funds in the Covered Vehicle Account shall be allocated to  
37 a district that submits an eligible application to the state board  
38 pursuant to Section 44287. The state board shall determine the  
39 maximum amount of annual funding from the Covered Vehicle  
40 Account that each district may receive. This determination shall

1 be based on the population in each district as well as the relative  
2 importance of obtaining covered emission reductions in each  
3 district, specifically through the program.

4 (c) Not more than 5 percent of the moneys allocated pursuant  
5 to this chapter to a district with a population of one million or more  
6 may be used by the district for indirect costs of implementation of  
7 the program, including outreach costs that are subject to the  
8 limitation in paragraph (2) of subdivision (a).

9 (d) Not more than 10 percent of the moneys allocated pursuant  
10 to this chapter to a district with a population of less than one  
11 million may be used by the district for indirect costs of  
12 implementation of the program, including outreach costs that are  
13 subject to the limitation in paragraph (2) of subdivision (a).

14 (e) This section shall remain in effect only until January 1, 2015  
15 2024, and as of that date is repealed, unless a later enacted statute,  
16 that is enacted before January 1, 2015 2024, deletes or extends  
17 that date.

18 SEC. 24. Section 44299.1 of the Health and Safety Code, as  
19 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is  
20 amended to read:

21 44299.1. (a) To ensure that emission reductions are obtained  
22 as needed from pollution sources, any money deposited in or  
23 appropriated to the fund shall be segregated and administered as  
24 follows:

25 (1) Ten percent, not to exceed two million dollars (\$2,000,000),  
26 shall be allocated to the Infrastructure Demonstration Project to  
27 be used pursuant to Section 44284.

28 (2) Ten percent shall be deposited in the Advanced Technology  
29 Account to be used to support research, development,  
30 demonstration, and commercialization of advanced low-emission  
31 technologies for covered sources that show promise of contributing  
32 to the goals of the program.

33 (3) Not more than 2 percent of the moneys in the fund shall be  
34 allocated to program support and outreach costs incurred by the  
35 state board and the commission directly associated with  
36 implementing the program pursuant to this chapter. These funds  
37 shall be allocated to the state board and the commission in  
38 proportion to total program funds administered by the state board  
39 and the commission.

(4) Not more than 2 percent of the moneys in the fund shall be allocated to direct program outreach activities. The state board may use these funds for program outreach contracts or may allocate outreach funds to participating air districts in proportion to each district's allocation from the Covered Vehicle Account. The state board shall report on the use of outreach funds in their reports to the Legislature pursuant to Section 44295.

(5) The balance shall be deposited in the Covered Vehicle Account to be expended to offset added costs of new very low or zero-emission vehicle technologies, and emission reducing repowers, retrofits, and add-on equipment for covered vehicles and engines.

(b) Funds in the Covered Vehicle Account shall be allocated to a district that submits an eligible application to the state board pursuant to Section 44287. The state board shall determine the maximum amount of annual funding from the Covered Vehicle Account that each district may receive. This determination shall be based on the population in each district as well as the relative importance of obtaining NO<sub>x</sub> reductions in each district, specifically through the program.

(c) This section shall become operative on **January 1, 2024.**

SEC. 25. Section 44299.2 of the Health and Safety Code is amended to read:

44299.2. Funds shall be allocated to local air pollution control and air quality management districts, and shall be subject to administrative terms and conditions as follows:

(a) Available funds shall be distributed to districts taking into consideration the population of the area, the severity of the air quality problems experienced by the population, and the historical allocation of the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, except that the south coast district shall be allocated a percentage of the total funds available to districts that is proportional to the percentage of the total state population residing within the jurisdictional boundaries of that district. For the purposes of this subdivision, population shall be determined by the state board based on the most recent data provided by the Department of Finance. The allocation to the south coast district shall be subtracted from the total funds available to districts. Each district, except the south coast district, shall be awarded a minimum

1 allocation of two hundred thousand dollars (\$200,000), and the  
2 remainder, which shall be known as the “allocation amount,” shall  
3 be allocated to all districts as follows:

4 (1) The state board shall distribute 35 percent of the allocation  
5 amount to the districts in proportion to the percentage of the total  
6 residual state population that resides within each district’s  
7 boundaries. For purposes of this paragraph, “total residual state  
8 population” means the total state population, less the total  
9 population that resides within the south coast district.

10 (2) The state board shall distribute 35 percent of the allocation  
11 amount to the districts in proportion to the severity of the air quality  
12 problems to which each district’s population is exposed. The  
13 severity of the exposure shall be calculated as follows:

14 (A) Each district shall be awarded severity points based on the  
15 district’s attainment designation and classification, as most recently  
16 promulgated by the federal Environmental Protection Agency for  
17 the National Ambient Air Quality Standard for ozone averaged  
18 over eight hours, as follows:

19 (i) A district that is designated attainment for the federal  
20 eight-hour ozone standard shall be awarded one point.

21 (ii) A district that is designated nonattainment for the federal  
22 eight-hour ozone standard shall be awarded severity points based  
23 on classification. Two points shall be awarded for transitional,  
24 basic, or marginal classifications, three points for moderate  
25 classification, four points for serious classification, five points for  
26 severe classification, six points for severe-17 classification, and  
27 seven points for extreme classification.

28 (B) Each district shall be awarded severity points based on the  
29 annual diesel particulate emissions in the air basin, as determined  
30 by the state board. One point shall be awarded to the district, in  
31 increments, for each 1,000 tons of diesel particulate emissions. In  
32 making this determination, 0 to 999 tons shall be awarded no  
33 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to  
34 2,999 tons shall be awarded two points, and so forth. If a district  
35 encompasses more than one air basin, the air basin with the greatest  
36 diesel particulate emissions shall be used to determine the points  
37 awarded to the district. The San Diego County Air Pollution  
38 Control District and the Imperial County Air Pollution Control  
39 District shall be awarded one additional point each to account for  
40 annual diesel particulate emissions transported from Mexico.

(C) The points awarded under subparagraphs (A) and (B), shall be added together for each district, and the total shall be multiplied by the population residing within the district boundaries, to yield the local air quality exposure index.

(D) The local air quality exposure index for each district shall be summed together to yield a total state exposure index. Funds shall be allocated under this paragraph to each district in proportion to its local air quality exposure index divided by the total state exposure index.

(3) The state board shall distribute 30 percent of the allocation amount to the districts in proportion to the allocation of funds from the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, as follows:

(A) Because each district is awarded a minimum allocation pursuant to subdivision (a), there shall be no additional minimum allocation from the Carl Moyer historical allocation funds. The total amount allocated in this way shall be subtracted from total funding previously awarded to the district under the Carl Moyer Memorial Air Quality Standards Attainment Program, and the remainder, which shall be known as directed funds, shall be allocated pursuant to subparagraph (B).

(B) Each district with a population that is greater than or equal to 1 percent of the state's population shall receive an additional allocation based on the population of the district and the district's relative share of emission reduction commitments in the State Implementation Plan to attain the National Ambient Air Quality Standard for ozone averaged over one hour. This additional allocation shall be calculated as a percentage share of the directed funds for each district, derived using a ratio of each district's share amount to the base amount, which shall be calculated as follows:

(i) The base amount shall be the total Carl Moyer program funds allocated by the state board to the districts in the 2002–03 fiscal year, less the total of the funds allocated through the minimum allocation to each district in the 2002–03 fiscal year.

(ii) The share amount shall be the allocation that each district received in the 2002–03 fiscal year, not including the minimum allocation. There shall be one share amount for each district.

(iii) The percentage share shall be calculated for each district by dividing the district's share amount by the base amount, and

1 multiplying the result by the total directed funds available under  
2 this subparagraph.

3 (b) Funds shall be distributed as expeditiously as reasonably  
4 practicable, and a report of the distribution shall be made available  
5 to the public.

6 (c) All funds allocated pursuant to this section shall be expended  
7 as provided in the guidelines adopted pursuant to Section 44287  
8 within two years from the date of allocation. Funds not expended  
9 within the two years shall be returned to the Covered Vehicle  
10 Account within 60 days and shall be subject to further allocation  
11 as follows:

12 (1) Within 30 days of the deadline to return funds, the state  
13 board shall notify the districts of the total amount of returned funds  
14 available for reallocation, and shall list those districts that request  
15 supplemental funds from the reallocation and that are able to  
16 expend those funds within one year.

17 (2) Within 90 days of the deadline to return funds, the state  
18 board shall allocate the returned funds to the districts listed  
19 pursuant to paragraph (1).

20 (3) All supplemental funds distributed under this subdivision  
21 shall be expended consistent with the Carl Moyer Air Quality  
22 Standards Attainment Program within one year of the date of  
23 supplemental allocation. Funds not expended within one year shall  
24 be returned to the Covered Vehicle Account and shall be distributed  
25 at the discretion of the state board to districts, taking into  
26 consideration of each district's ability to expeditiously utilize the  
27 remaining funds consistent with the Carl Moyer Air Quality  
28 Standards Attainment Program.

29 (d) This section shall remain in effect only until January 1, 2015  
30 2024, and as of that date is repealed, unless a later enacted statute,  
31 that is enacted before January 1, 2015 2024, deletes or extends  
32 that date.

33 SEC. 26. Section 42885 of the Public Resources Code, as  
34 amended by Section 55 of Chapter 77 of the Statutes of 2006, is  
35 amended to read:

36 42885. (a) For purposes of this section, "California tire fee"  
37 means the fee imposed pursuant to this section.

38 (b) (1) ~~Before January 1, 2015,~~ a person who purchases a  
39 new tire, as defined in subdivision (g), shall pay a California tire  
40 fee of one dollar and seventy-five cents (\$1.75) per tire.

1 (2) *On and after January 1, 2015, a person who purchases a*  
2 *new tire, as defined in subdivision (g), shall pay a California tire*  
3 *fee of one dollar and fifty cents (\$1.50) per tire.*

4 ~~(2)~~

5 (3) The retail seller shall charge the retail purchaser the amount  
6 of the California tire fee as a charge that is separate from, and not  
7 included in, any other fee, charge, or other amount paid by the  
8 retail purchaser.

9 ~~(3)~~

10 (4) The retail seller shall collect the California tire fee from the  
11 retail purchaser at the time of sale and may retain 1 ½ percent of  
12 the fee as reimbursement for any costs associated with the  
13 collection of the fee. The retail seller shall remit the remainder to  
14 the state on a quarterly schedule for deposit in the California Tire  
15 Recycling Management Fund, which is hereby created in the State  
16 Treasury.

17 (c) The board, or its agent authorized pursuant to Section 42882,  
18 shall be reimbursed for its costs of collection, auditing, and making  
19 refunds associated with the California Tire Recycling Management  
20 Fund, but not to exceed 3 percent of the total annual revenue  
21 deposited in the fund.

22 (d) The California tire fee imposed pursuant to subdivision (b)  
23 shall be separately stated by the retail seller on the invoice given  
24 to the customer at the time of sale. Any other disposal or  
25 transaction fee charged by the retail seller related to the tire  
26 purchase shall be identified separately from the California tire fee.

27 (e) A person or business who knowingly, or with reckless  
28 disregard, makes a false statement or representation in a document  
29 used to comply with this section is liable for a civil penalty for  
30 each violation or, for continuing violations, for each day that the  
31 violation continues. Liability under this section may be imposed  
32 in a civil action and shall not exceed twenty-five thousand dollars  
33 (\$25,000) for each violation.

34 (f) In addition to the civil penalty that may be imposed pursuant  
35 to subdivision (e), the board may impose an administrative penalty  
36 in an amount not to exceed five thousand dollars (\$5,000) for each  
37 violation of a separate provision or, for continuing violations, for  
38 each day that the violation continues, on a person who intentionally  
39 or negligently violates a permit, rule, regulation, standard, or  
40 requirement issued or adopted pursuant to this chapter. The board

1 shall adopt regulations that specify the amount of the administrative  
2 penalty and the procedure for imposing an administrative penalty  
3 pursuant to this subdivision.

4 (g) For purposes of this section, “new tire” means a pneumatic  
5 or solid tire intended for use with on-road or off-road motor  
6 vehicles, motorized equipment, construction equipment, or farm  
7 equipment that is sold separately from the motorized equipment,  
8 or a new tire sold with a new or used motor vehicle, as defined in  
9 Section 42803.5, including the spare tire, construction equipment,  
10 or farm equipment. “New tire” does not include retreaded, reused,  
11 or recycled tires.

12 (h) The California tire fee shall not be imposed on a tire sold  
13 with, or sold separately for use on, any of the following:

14 (1) A self-propelled wheelchair.

15 (2) A motorized tricycle or motorized quadricycle, as defined  
16 in Section 407 of the Vehicle Code.

17 (3) A vehicle that is similar to a motorized tricycle or motorized  
18 quadricycle and is designed to be operated by a person who, by  
19 reason of the person’s physical disability, is otherwise unable to  
20 move about as a pedestrian.

21 (i) This section shall remain in effect only until **January 1, 2015**  
22 **2024**, and as of that date is repealed, unless a later enacted statute,  
23 that is enacted before **January 1, 2015 2024**, deletes or extends  
24 that date.

25 SEC. 27. Section 42885 of the Public Resources Code, as added  
26 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended  
27 to read:

28 42885. (a) For purposes of this section, “California tire fee”  
29 means the fee imposed pursuant to this section.

30 (b) (1) Every person who purchases a new tire, as defined in  
31 subdivision (g), shall pay a California tire fee of seventy-five cents  
32 (\$0.75) per tire.

33 (2) The retail seller shall charge the retail purchaser the amount  
34 of the California tire fee as a charge that is separate from, and not  
35 included in, any other fee, charge, or other amount paid by the  
36 retail purchaser.

37 (3) The retail seller shall collect the California tire fee from the  
38 retail purchaser at the time of sale and may retain 3 percent of the  
39 fee as reimbursement for any costs associated with the collection  
40 of the fee. The retail seller shall remit the remainder to the state

1 on a quarterly schedule for deposit in the California Tire Recycling  
2 Management Fund, which is hereby created in the State Treasury.

3 (c) The board, or its agent authorized pursuant to Section 42882,  
4 shall be reimbursed for its costs of collection, auditing, and making  
5 refunds associated with the California Tire Recycling Management  
6 Fund, but not to exceed 3 percent of the total annual revenue  
7 deposited in the fund.

8 (d) The California tire fee imposed pursuant to subdivision (a)  
9 (b) shall be separately stated by the retail seller on the invoice  
10 given to the customer at the time of sale. Any other disposal or  
11 transaction fee charged by the retail seller related to the tire  
12 purchase shall be identified separately from the California tire fee.

13 (e) Any person or business who knowingly, or with reckless  
14 disregard, makes any false statement or representation in any  
15 document used to comply with this section is liable for a civil  
16 penalty for each violation or, for continuing violations, for each  
17 day that the violation continues. Liability under this section may  
18 be imposed in a civil action and shall not exceed twenty-five  
19 thousand dollars (\$25,000) for each violation.

20 (f) In addition to the civil penalty that may be imposed pursuant  
21 to subdivision (e), the board may impose an administrative penalty  
22 in an amount not to exceed five thousand dollars (\$5,000) for each  
23 violation of a separate provision or, for continuing violations, for  
24 each day that the violation continues, on any person who  
25 intentionally or negligently violates any permit, rule, regulation,  
26 standard, or requirement issued or adopted pursuant to this chapter.  
27 The board shall adopt regulations that specify the amount of the  
28 administrative penalty and the procedure for imposing an  
29 administrative penalty pursuant to this subdivision.

30 (g) For purposes of this section, “new tire” means a pneumatic  
31 or solid tire intended for use with on-road or off-road motor  
32 vehicles, motorized equipment, construction equipment, or farm  
33 equipment that is sold separately from the motorized equipment,  
34 or a new tire sold with a new or used motor vehicle, as defined in  
35 Section 42803.5, including the spare tire, construction equipment,  
36 or farm equipment. “New tire” does not include retreaded, reused,  
37 or recycled tires.

38 (h) The California tire fee may not be imposed on any tire sold  
39 with, or sold separately for use on, any of the following:

- 40 (1) Any self-propelled wheelchair.

1 (2) Any motorized tricycle or motorized quadricycle, as defined  
2 in Section 407 of the Vehicle Code.

3 (3) Any vehicle that is similar to a motorized tricycle or  
4 motorized quadricycle and is designed to be operated by a person  
5 who, by reason of the person's physical disability, is otherwise  
6 unable to move about as a pedestrian.

7 (i) This section shall become operative on January 1, ~~2015~~ 2024.

8 SEC. 28. Section 42889 of the Public Resources Code, as  
9 amended by Section 3 of Chapter 333 of the Statutes of 2009, is  
10 amended to read:

11 42889. (a) Commencing January 1, 2005, of the moneys  
12 collected pursuant to Section 42885, an amount equal to  
13 seventy-five cents (\$0.75) per tire on which the fee is imposed  
14 shall be transferred by the State Board of Equalization to the Air  
15 Pollution Control Fund. The state board shall expend those moneys,  
16 or allocate those moneys to the districts for expenditure, to fund  
17 programs and projects that mitigate or remediate air pollution  
18 caused by tires in the state, to the extent that the state board or the  
19 applicable district determines that the program or project  
20 remediates air pollution harms created by tires upon which the fee  
21 described in Section 42885 is imposed.

22 (b) The remaining moneys collected pursuant to Section 42885  
23 shall be used to fund the waste tire program, and shall be  
24 appropriated to the board in the annual Budget Act in a manner  
25 consistent with the five-year plan adopted and updated by the  
26 board. These moneys shall be expended for the payment of refunds  
27 under this chapter and for the following purposes:

28 (1) To pay the administrative overhead cost of this chapter, not  
29 to exceed 6 percent of the total revenue deposited in the fund  
30 annually, or an amount otherwise specified in the annual Budget  
31 Act.

32 (2) To pay the costs of administration associated with collection,  
33 making refunds, and auditing revenues in the fund, not to exceed  
34 3 percent of the total revenue deposited in the fund, as provided  
35 in subdivision (c) of Section 42885.

36 (3) To pay the costs associated with operating the tire recycling  
37 program specified in Article 3 (commencing with Section 42870).

38 (4) To pay the costs associated with the development and  
39 enforcement of regulations relating to the storage of waste tires  
40 and used tires. The board shall consider designating a city, county,

1 or city and county as the enforcement authority of regulations  
2 relating to the storage of waste tires and used tires, as provided in  
3 subdivision (c) of Section 42850, and regulations relating to the  
4 hauling of waste and used tires, as provided in subdivision (b) of  
5 Section 42963. If the board designates a local entity for that  
6 purpose, the board shall provide sufficient, stable, and  
7 noncompetitive funding to that entity for that purpose, based on  
8 available resources, as provided in the five-year plan adopted and  
9 updated as provided in subdivision (a) of Section 42885.5. The  
10 board may consider and create, as appropriate, financial incentives  
11 for citizens who report the illegal hauling or disposal of waste tires  
12 as a means of enhancing local and statewide waste tire and used  
13 tire enforcement programs.

14 (5) To pay the costs of cleanup, abatement, removal, or other  
15 remedial action related to waste tire stockpiles throughout the state,  
16 including all approved costs incurred by other public agencies  
17 involved in these activities by contract with the board. Not less  
18 than six million five hundred thousand dollars (\$6,500,000) shall  
19 be expended by the board during each of the following fiscal years  
20 for this purpose: 2001–02 to 2006–07, inclusive.

21 (6) To make studies and conduct research directed at promoting  
22 and developing alternatives to the landfill disposal of waste tires.

23 (7) To assist in developing markets and new technologies for  
24 used tires and waste tires. The board's expenditure of funds for  
25 purposes of this subdivision shall reflect the priorities for waste  
26 management practices specified in subdivision (a) of Section  
27 40051.

28 (8) To pay the costs associated with implementing and operating  
29 a waste tire and used tire hauler program and manifest system  
30 pursuant to Chapter 19 (commencing with Section 42950).

31 (9) To pay the costs to create and maintain an emergency  
32 reserve, which shall not exceed one million dollars (\$1,000,000).

33 (10) To pay the costs of cleanup, abatement, or other remedial  
34 action related to the disposal of waste tires in implementing and  
35 operating the Farm and Ranch Solid Waste Cleanup and Abatement  
36 Grant Program established pursuant to Chapter 2.5 (commencing  
37 with Section 48100) of Part 7.

38 (11) To fund border region activities specified in paragraph (8)  
39 of subdivision (b) of Section 42885.5.

1 (c) This section shall remain in effect only until January 1, 2015  
2 2024, and as of that date is repealed, unless a later enacted statute  
3 that is enacted before January 1, 2015 2024, deletes or extends  
4 that date.

5 SEC. 29. Section 42889 of the Public Resources Code, as  
6 amended by Section 4 of Chapter 333 of the Statutes of 2009, is  
7 amended to read:

8 42889. Funding for the waste tire program shall be appropriated  
9 to the board in the annual Budget Act. The moneys in the fund  
10 shall be expended for the payment of refunds under this chapter  
11 and for the following purposes:

12 (a) To pay the administrative overhead cost of this chapter, not  
13 to exceed 5 percent of the total revenue deposited in the fund  
14 annually, or an amount otherwise specified in the annual Budget  
15 Act.

16 (b) To pay the costs of administration associated with collection,  
17 making refunds, and auditing revenues in the fund, not to exceed  
18 3 percent of the total revenue deposited in the fund, as provided  
19 in subdivision (b) of Section 42885.

20 (c) To pay the costs associated with operating the tire recycling  
21 program specified in Article 3 (commencing with Section 42870).

22 (d) To pay the costs associated with the development and  
23 enforcement of regulations relating to the storage of waste tires  
24 and used tires. The board shall consider designating a city, county,  
25 or city and county as the enforcement authority of regulations  
26 relating to the storage of waste tires and used tires, as provided in  
27 subdivision (c) of Section 42850, and regulations relating to the  
28 hauling of waste and used tires, as provided in subdivision (b) of  
29 Section 42963. If the board designates a local entity for that  
30 purpose, the board shall provide sufficient, stable, and  
31 noncompetitive funding to that entity for that purpose, based on  
32 available resources, as provided in the five-year plan adopted and  
33 updated as provided in subdivision (a) of Section 42885.5. The  
34 board may consider and create, as appropriate, financial incentives  
35 for citizens who report the illegal hauling or disposal of waste tires  
36 as a means of enhancing local and statewide waste tire and used  
37 tire enforcement programs.

38 (e) To pay the costs of cleanup, abatement, removal, or other  
39 remedial action related to waste tire stockpiles throughout the state,  
40 including all approved costs incurred by other public agencies

involved in these activities by contract with the board. Not less than six million five hundred thousand dollars (\$6,500,000) shall be expended by the board during each of the following fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

(f) To fund border region activities specified in paragraph (8) of subdivision (b) of Section 42885.5.

(g) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 30. Section 9250.1 of the Vehicle Code is amended to read:

9250.1. (a) Beginning July 1, 2008, the fee described in Section 9250 shall be increased by three dollars (\$3).

(b) Two dollars (\$2) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code, and one dollar (\$1) shall be deposited into the Enhanced Fleet Modernization Subaccount created by Section 44126 of the Health and Safety Code.

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2016~~ 2024, deletes or extends that date.

SEC. 31. Section 9250.2 of the Vehicle Code, as amended by Section 15 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section 41081 of the Health and Safety Code, shall impose and collect a surcharge on the registration fees for every motor vehicle registered in that district, not to exceed the amount of six dollars (\$6), as specified by the governing body of that district.

(b) This section shall remain in effect only until January 1, ~~2015~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2015~~ 2024, deletes or extends that date.

SEC. 32. Section 9250.2 of the Vehicle Code, as added by Section 15.5 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section

1 41081 of the Health and Safety Code, shall impose and collect a  
2 surcharge on the registration fees for every motor vehicle registered  
3 in that district, not to exceed either of the following amounts,  
4 whichever is applicable, as specified by the governing body of that  
5 district:

6 (1) For each motor vehicle registered in that district whose  
7 registration expires on or after December 31, 1989, and prior to  
8 December 31, 1990, two dollars (\$2).

9 (2) For each motor vehicle registered in that district whose  
10 registration expires on or after December 31, 1990, not to exceed  
11 four dollars (\$4).

12 (b) This section shall become operative on **January 1, 2015**  
13 **2024.**

14 SEC. 33. Section 9261.1 of the Vehicle Code is amended to  
15 read:

16 9261.1. (a) Beginning July 1, 2008, the fee described in Section  
17 9261, as adjusted pursuant to Section 1678, shall be increased by  
18 five dollars (\$5).

19 (b) Two dollars and 50 cents (\$2.50) of the increase shall be  
20 deposited into the Alternative and Renewable Fuel and Vehicle  
21 Technology Fund created by Section 44273 of the Health and  
22 Safety Code, and two dollars and fifty cents (\$2.50) shall be  
23 deposited into the Air Quality Improvement Fund created by  
24 Section 44274.5 of the Health and Safety Code.

25 (c) This section shall remain in effect only until **January 1, 2016**  
26 **2024**, and as of that date is repealed, unless a later enacted statute,  
27 that is enacted before **January 1, 2016 2024**, deletes or extends  
28 that date.

29 SEC. 34. Section 9853.6 of the Vehicle Code is amended to  
30 read:

31 9853.6. (a) (1) Beginning July 1, 2008, the fee described in  
32 paragraph (1) of subdivision (b) of Section 9853 shall be increased  
33 by ten dollars (\$10).

34 (2) Five dollars (\$5) of the increase shall be deposited into the  
35 Alternative and Renewable Fuel and Vehicle Technology Fund  
36 created by Section 44273 of the Health and Safety Code and five  
37 dollars (\$5) shall be deposited into the Air Quality Improvement  
38 Fund created by Section 44274.5 of the Health and Safety Code.

(b) (1) Beginning July 1, 2008, the fee described in paragraph (2) of subdivision (b) of Section 9853 shall be increased by twenty dollars (\$20).

(2) Ten dollars (\$10) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code and ten dollars (\$10) shall be deposited into the Air Quality Improvement Fund created by Section 44274.5 of the Health and Safety Code.

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before ~~January 1, 2016~~ 2024, deletes or extends that date.

SEC. 35. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To ensure stable funding for programs to reduce air pollution for the protection of the public health and safety, it is necessary for this measure to take effect immediately.

## **Attachment 2c**

### **SB 11 (Pavley and Rubio) Alternative fuel and vehicle technologies; funding programs (Principal coauthor: Senator Hill)**

**Summary:** The bill would extend existing air quality incentive programs, notably the Carl Moyer program as expanded by AB 923 (Firebaugh, 2004), and the AB 118 (Nuñez, 2007) Alternative & Renewable Fuel & Vehicle Technology Program (ARFVTP). The bill also prohibits the Air Resources Board from enforcing the Clean Fuels Outlet (CFO) regulation, which requires major refiners and importers of gasoline to provide refueling infrastructure to support the rollout of hydrogen fuel cell powered vehicles.

#### **Background:**

California suffers from some of the worst air quality in the nation, with more than 70% of our air pollution coming from cars, trucks, trains, and other mobile sources. The result is that the majority of Californians still breathe air that fails to meet federal and state health-based standards. Air pollution increases risks for, among other things, respiratory problems including asthma—with children being especially vulnerable—heart disease, stroke, cancer and reduced life span. To meet federal and state clean air mandates, this pollution must be reduced. Estimates are that a 75 to 90% reduction in emissions will be needed by the mid-2030's.

To help attain these standards existing law provides for cost-effective programs which incentivize early, voluntary introductions of cleaner mobile source technologies:

- AB 923 (Firebaugh, 2004) provides for a two dollar (\$2) registration fee for Local Clean Air Projects generating approximately \$50 million annually on a statewide basis. AB 923 also provides for \$0.75 surcharge on tire sales for Carl Moyer Projects generating approximately \$30 million annually on a statewide basis.
- AB 118 (Nunez, 2007) provides for a five dollar (\$5) vehicle license fee, an eight dollar (\$8) smog abatement fee, vessel registration surcharges ranging from \$10 to \$20, and a three dollar (\$3) vehicle registration fee. Collectively, these revenue sources annually fund the Air Quality Improvement Program for approximately \$ 30 to 40 million, the ARFVTP for approximately \$90 to 110 million, and the Enhanced Fleet Modernization Program for \$15 to \$30 million.

Absent this legislation, the funding provisions for AB 923 programs are scheduled to sunset on January 1, 2015 and the funding for AB 118 programs are scheduled to sunset on January 1, 2016.

**Status:** Introduced December 3, 2012

**Related Legislation:** On December 3, 2012, Assembly Members Perea and Skinner introduced identical language in AB 8.

This bill is similar to a gut and amend bill introduced late in the 2012 legislative session, SB 1455 (Kehoe). That bill failed to obtain the two thirds vote on concurrence in the Senate in the last minutes before end of session.

**Specific Provisions Include:**

- Extending the Carl Moyer and Lower Emission School Bus Program, as enhanced by AB 923, for 9 years until January 1, 2024.
- Extending the AB 118 program for 8 years until January 1, 2024
- Barring the Air Resources Board (ARB) from enforcing the Clean Fuels Outlet requirements that would have called for gasoline refiners and importers to provide hydrogen refueling infrastructure.
- Dedicating \$20 million from the AB 118 program for three years (2013 to 2016) to hydrogen infrastructure. Thereafter, the Energy Resources Conservation and Development Commission (Commission) may annually allocate up to 20 percent of the Alternative and Renewable Fuel and Vehicle Technology Fund “for purposes of achieving” 100 hydrogen fueling stations statewide.
- Requiring ARB and the Commission to jointly review and report on progress towards the state’s alternative fuel use.
- No new revenue sources; just continuation of current fees.

**Impacts on AQMD’s mission, operations or initiatives:**

The Carl Moyer program has been extraordinarily successful on a number of fronts. In the first 12 years of the program, regionally, it has cleaned up over 24,000 high-polluting engines, including the purchase of 4,500 new on-road engines and 5,500 agricultural engines, as well as off-road, marine, and locomotive engines, and the retirement of 11,000 light-duty, gross-polluting vehicles. These new engine sales represent economic activity in a down economy, and they have provided many small business owners with more fuel-efficient, better performing engines. In addition, these incentive funds have secured real and durable improvements in air quality, and reduced public exposure to harmful diesel particulates. The program has a high degree of transparency and accountability, and it leverages other funds.

Additionally, AB 923 (Firebaugh, 2004) has had an enormous and positive impact on air quality in the South Coast Region. This incentive program, under the Carl Moyer Program umbrella, has allowed the District to replace approximately 790 school buses with new natural gas buses for the amount of \$58 million. The District has also replaced over 660 heavy-duty vehicles (including waste haulers, urban buses, agricultural equipment, and construction equipment) for the amount of \$25 million. Together, over 1,450 dirty engines were replaced achieving the early emissions reductions of approximately 510 tons per year of nitrogen oxides.

AB 118 Programs administered by the California Energy Commission (CEC) and ARB have only been in existence a short while, but they have demonstrated alignment and synergy with the SCAQMD's Technology Advancement Program. As evidenced in the recent SCAQMD 2012 Air Quality Management Plan and the "Vision for Clean Air: A Framework for Air Quality and Climate Planning," jointly authored by ARB, SCAQMD and the San Joaquin Valley Air Pollution Control District, there is a need and the means to reduce both smog-forming pollutants and climate changing emissions using advanced, near-zero and zero-emission technologies. The SCAQMD has been the recipient of AB 118 awards as well as a co-funding partner for AB 118 projects.

### **Recommended Position:**

As the region struggles to comply with the federal clean air standards, successful incentive programs such as AB 923 and AB 118 need to continue in order to accelerate the turnover of older, higher-polluting vehicles. Consequently, staff recommends a position of SUPPORT.

### **Support and Opposition:**

Like its predecessor bill, SB 1455 (Kehoe), SB 11 is anticipated to have a broad coalition of support from industry, the agricultural sector, and environmental organizations. As of the time of this analysis, the American Lung Association, the California Air Pollution Control Officer's Association and CalStart are likely sponsors of the bill.

Despite the anticipated broad support for the bill, some environmental organizations, most notably the Sierra Club, may not support and may even oppose the CFO portion of the bill. Additionally, we anticipate the Howard Jarvis Taxpayer Association will also oppose this bill as they are opposed to any fee extensions.

**SENATE BILL**

**No. 11**

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**Introduced by Senators Pavley and Rubio  
(Principal coauthor: Senator Hill)**

December 3, 2012

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An act to amend Sections 41081, 44060.5, 44225, 44229, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, and to add Sections 43018.9, 43867.5, and 43867.6 to, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 11, as introduced, Pavley. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to develop and adopt an investment plan to determine priorities and opportunities for the program.

This bill would provide that the State Air Resources Board (state board), until January 1, 2024, has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any person to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station. The bill would require the state board to aggregate and make available to the public, no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board. The bill would require the commission to allocate \$20 million each fiscal year, as specified, and up to \$20 million each fiscal year thereafter, as specified, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing market for vehicles requiring hydrogen fuel, until there are at least 100 publicly available hydrogen fueling stations. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the state board to jointly review and report on the progress toward establishing a hydrogen fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. The bill, no later than July 1, 2013, would require the state board and air districts to jointly convene working groups to evaluate the specified policies and goals of specified programs.

(2) Existing law requires the commission, in partnership with the state board, to develop and adopt a state plan to increase the use of alternative transportation fuels.

This bill would require the commission and the state board, among other things, to coordinate efforts to measure the progress of alternative fuels use. The bill would require the commission, in consultation with the state board, on or before November 1, 2014, to update a specified economic analysis. The bill would require the commission and the state board, to evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use, and evaluate how the impact of federal fuel policies and existing state policies will help increase the use of alternative transportation fuels in the state. The bill would require the commission and the state board,

on or before November 1, 2015, and every 2 years thereafter, to report in the integrated energy policy report, as specified, the status of the state alternative transportation fuels use, as specified, and make specified evaluations. The bill would require the state board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.

(3) Existing law, until January 1, 2016, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund, and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.

Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

(4) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer program), which is administered by the state board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts. Existing law, beginning January 1, 2015, limits the Carl Moyer program to funding projects that reduce emissions of oxides of nitrogen (NO<sub>x</sub>).

This bill would extend the current authorization for the Carl Moyer program to fund a broader range of projects that reduce emissions until January 1, 2024, and would make other conforming changes in that regard.

(5) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a

motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6) Existing law authorizes each air pollution control and air quality management district (district) that has been designated a state nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that district, as specified by the governing body of the district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by a district, and requires the department, after deducting its administrative costs, to distribute the revenues to the districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(7) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed, be deposited in the Air Pollution Control Fund, these moneys to be available upon appropriation by the Legislature for use by the state board and districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would, on January 1, 2015, instead increase the tire fee to \$1.50 per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 41081 of the Health and Safety Code, as  
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is  
3 amended to read:

4     41081. (a) Subject to Article 3.7 (commencing with Section  
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
6 Government Code, or with the approval of the board of supervisors  
7 of each county included, in whole or in part, within the Sacramento  
8 district, the Sacramento district board may adopt a surcharge on  
9 the motor vehicle registration fees applicable to all motor vehicles  
10 registered in those counties within the Sacramento district whose  
11 boards of supervisors have adopted a resolution approving the  
12 surcharge. The surcharge shall be collected by the Department of  
13 Motor Vehicles and, after deducting the department's  
14 administrative costs, the remaining funds shall be transferred to  
15 the Sacramento district. Prior to the adoption of any surcharge  
16 pursuant to this subdivision, the district board shall make a finding  
17 that any funds allocated to the district as a result of the adoption  
18 of a county transportation sales and use tax are insufficient to carry  
19 out the purposes of this chapter.

20     (b) The surcharge shall not exceed six dollars (\$6).

21     (c) After consulting with the Department of Motor Vehicles on  
22 the feasibility thereof, the Sacramento district board may provide,  
23 in the surcharge adopted pursuant to subdivision (a), to exempt  
24 from all or part of the surcharge any category of low-emission  
25 motor vehicle.

26     (d) Funds received by the Sacramento district pursuant to this  
27 section shall be used by that district as follows:

28     (1) The revenues resulting from the first four dollars (\$4) of  
29 each surcharge shall be used to implement reductions in emissions  
30 from vehicular sources, including, but not limited to, a clean fuels  
31 program and motor vehicle use reduction measures.

32     (2) The revenues resulting from the next two dollars (\$2) of  
33 each surcharge shall be used to implement the following programs  
34 that achieve emission reductions from vehicular sources and  
35 off-road engines, to the extent that the district determines the  
36 program remediates air pollution harms created by motor vehicles  
37 on which the surcharge is imposed:

1 (A) Projects eligible for grants under the Carl Moyer Memorial  
2 Air Quality Standards Attainment Program (Chapter 9  
3 (commencing with Section 44275) of Part 5).

4 (B) The new purchase, retrofit, repower, or add-on of equipment  
5 for previously unregulated agricultural sources of air pollution, as  
6 defined in Section 39011.5, within the Sacramento district, for a  
7 minimum of three years from the date of adoption of an applicable  
8 rule or standard, or until the compliance date of that rule or  
9 standard, whichever is later, if the state board has determined that  
10 the rule or standard complies with Sections 40913, 40914, and  
11 41503.1, after which period of time, a new purchase, retrofit,  
12 repower, or add-on of equipment shall not be funded pursuant to  
13 this chapter. The district shall follow any guidelines developed  
14 under subdivision (a) of Section 44287 for awarding grants under  
15 this program.

16 (C) The purchase of new, or retrofit of emissions control  
17 equipment for existing, schoolbuses pursuant to the  
18 Lower-Emission School Bus Program adopted by the state board.

19 (D) An accelerated vehicle retirement or repair program that is  
20 adopted by the state board pursuant to authority granted hereafter  
21 by the Legislature by statute.

22 (E) The replacement of onboard natural gas fuel tanks on  
23 schoolbuses owned by a school district that are 14 years or older,  
24 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant  
25 to the Lower-Emission School Bus Program adopted by the state  
26 board.

27 (F) The enhancement of deteriorating natural gas fueling  
28 dispensers of fueling infrastructure operated by a school district  
29 with a one-time funding amount not to exceed five hundred dollars  
30 (\$500) per dispenser, pursuant to the Lower-Emission School Bus  
31 Program adopted by the state board.

32 (e) Not more than 5 percent of the funds collected pursuant to  
33 this section shall be used by the district for administrative expenses.

34 (f) A project funded by the program shall not be used for credit  
35 under any state or federal emissions averaging, banking, or trading  
36 program. An emission reduction generated by the program shall  
37 not be used as marketable emission reduction credits or to offset  
38 any emission reduction obligation of any person or entity. Projects  
39 involving new engines that would otherwise generate marketable  
40 credits under state or federal averaging, banking, and trading

1 programs shall include transfer of credits to the engine end user  
2 and retirement of those credits toward reducing air emissions in  
3 order to qualify for funding under the program. A purchase of a  
4 low-emission vehicle or of equipment pursuant to a corporate or  
5 a controlling board's policy, but not otherwise required by law,  
6 shall generate surplus emissions reductions and may be funded by  
7 the program.

8 (g) This section shall remain in effect only until January 1, 2015  
9 2024, and as of that date is repealed, unless a later enacted statute,  
10 that is enacted before January 1, 2015 2024, deletes or extends  
11 that date.

12 SEC. 2. Section 41081 of the Health and Safety Code, as added  
13 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended  
14 to read:

15 41081. (a) Subject to Article 3.7 (commencing with Section  
16 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
17 Government Code, or with the approval of the board of supervisors  
18 of each county included, in whole or in part, within the Sacramento  
19 district, the Sacramento district board may adopt a surcharge on  
20 the motor vehicle registration fees applicable to all motor vehicles  
21 registered in those counties within the Sacramento district whose  
22 boards of supervisors have adopted a resolution approving the  
23 surcharge. The surcharge shall be collected by the Department of  
24 Motor Vehicles and, after deducting the department's  
25 administrative costs, the remaining funds shall be transferred to  
26 the Sacramento district. Prior to the adoption of any surcharge  
27 pursuant to this subdivision, the district board shall make a finding  
28 that any funds allocated to the district as a result of the adoption  
29 of a county transportation sales and use tax are insufficient to carry  
30 out the purposes of this chapter.

31 (b) The surcharge shall not exceed two dollars (\$2) for each  
32 motor vehicle whose registration expires on or after December 31,  
33 1989, and prior to December 31, 1990. For each motor vehicle  
34 whose registration expires on or after December 31, 1990, the  
35 surcharge shall not exceed four dollars (\$4).

36 (c) After consulting with the Department of Motor Vehicles on  
37 the feasibility thereof, the Sacramento district board may provide,  
38 in the surcharge adopted pursuant to subdivision (a), to exempt  
39 from all or part of the surcharge any category of low-emission  
40 motor vehicle.

(d) Funds received by the Sacramento district pursuant to this section shall be used to implement the strategy with respect to the reduction in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures. Not more than 5 percent of the funds collected pursuant to this section shall be used by the district for administrative expenses.

(e) This section shall become operative on January 1, 2015 2024.

SEC. 3. Section 43018.9 is added to the Health and Safety Code, to read:

43018.9. (a) For purposes of this section, the following terms have the following meanings:

(1) “Commission” means the State Energy Resources Conservation and Development Commission.

(2) “Publicly available hydrogen fueling station” means the equipment used to store and dispense hydrogen fuel to vehicles according to industry codes and standards that is open to the public.

(b) (1) Notwithstanding any other law, the state board shall have no authority to enforce any element of its existing clean fuels outlet regulation or of any other regulation that requires or has the effect of requiring that any person construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station.

(2) This subdivision shall become inoperative on January 1, 2024.

(c) The state board shall aggregate and make available to the public no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board pursuant to Section 2303(a) of Title 13 of the California Code of Regulations.

(d) (1) The commission shall allocate twenty million dollars (\$20,000,000) each fiscal year, beginning July 1, 2013, through June 30, 2016, and up to twenty million dollars (\$20,000,000) each fiscal year thereafter, not to exceed 20 percent of moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund, established pursuant to Section 44273, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing

1 market for vehicles requiring hydrogen fuel, until there are at least  
2 100 publicly available hydrogen fueling stations.

3 (2) Based on the results of the review set forth in paragraph (4),  
4 the commission may defer allocating the moneys set forth in  
5 paragraph (1) as needed to keep the number of fueling stations  
6 matched to the fueling needs of the vehicles.

7 (3) Notwithstanding paragraph (1), once the commission  
8 determines, in consultation with the state board, that the private  
9 sector is establishing publicly available hydrogen fueling stations  
10 without the need for government support, the commission may  
11 cease providing funding for those stations.

12 (4) On or before December 31, 2015, and annually thereafter,  
13 the commission and the state board shall jointly review and report  
14 on progress toward establishing a hydrogen fueling network that  
15 provides the coverage and capacity to fuel vehicles requiring  
16 hydrogen fuel that are being placed into operation in the state. The  
17 commission and the state board shall consider the following,  
18 including but not limited to, the available plans of automobile  
19 manufacturers to deploy fuel cell vehicles in California and their  
20 progress toward achieving those plans, the rate of hydrogen fuel  
21 cell deployment, the length of time required to permit and construct  
22 hydrogen fueling stations, the coverage and capacity of the existing  
23 hydrogen fueling station network, and the amount and timing of  
24 growth in the fueling network to ensure fuel is available to these  
25 vehicles. The review shall also determine the remaining cost and  
26 timing to establish a network of 100 publicly available hydrogen  
27 fueling stations and whether funding from the Alternative and  
28 Renewable Fuel and Vehicle Technology Program remains  
29 necessary to achieve this goal.

30 (e) To assist in the implementation of this section and maximize  
31 the ability to deploy fueling infrastructure as rapidly as possible  
32 with the assistance of private capital, the commission may design  
33 grants, loan incentive programs, revolving loan programs, and  
34 other forms of financial assistance. The commission also may enter  
35 into an agreement with the Treasurer to provide financial assistance  
36 to further the purposes of this section.

37 (f) Funds appropriated to the commission for the purposes of  
38 this section shall be available for encumbrance by the commission  
39 for up to four years from the date of the appropriation and for

1 liquidation up to four years after expiration of the deadline to  
2 encumber.

3 (g) Notwithstanding any other law, the state board, in  
4 consultation with air districts, no later than July 1, 2013, shall  
5 convene working groups to evaluate the policies and goals  
6 contained within the Carl Moyer Memorial Air Quality Standards  
7 Attainment Program, pursuant to Section 44280, and Assembly  
8 Bill 923 (Chapter 707 of the Statutes of 2004).

9 SEC. 4. Section 43867.5 is added to the Health and Safety  
10 Code, to read:

11 43867.5. The Legislature finds and declares all of the following:

12 (a) The state overwhelmingly relies on a single source of fuel,  
13 petroleum, for its transportation needs, and nearly one-half of that  
14 petroleum comes from overseas. This overreliance on petroleum  
15 leaves residents vulnerable to supply interruptions and price  
16 instabilities, and it leaves consumers with essentially no options  
17 for alternative transportation fuels.

18 (b) Residents spend over twenty billion dollars  
19 (\$20,000,000,000) each year on petroleum fuel imports,  
20 representing a significant missed economic opportunity.

21 (c) It is in the interest of the state to increase alternative fuels  
22 usage to reduce fuel price volatility, improve environmental quality  
23 and transportation energy security, and demonstrate the state's  
24 continued leadership in reducing greenhouse gas emissions.

25 (d) The State Alternative Fuels Plan, which was adopted by the  
26 state board and the State Energy Resources Conservation and  
27 Development Commission pursuant to Section 43866, outlined  
28 specific strategies and targets that would increase the use of  
29 alternative and nonpetroleum fuels. The strategy set a moderate  
30 growth goal of 26 percent penetration for alternative fuel use in  
31 on-road and off-road vehicles by 2022. In 2007, alternative fuels  
32 accounted for less than 5 percent of the transportation sector's  
33 consumption.

34 (e) Therefore, it is in the interest of the state to evaluate progress  
35 toward increasing alternative fuels usage.

36 SEC. 5. Section 43867.6 is added to the Health and Safety  
37 Code, to read:

38 43867.6. (a) In order to measure the progress of alternative  
39 fuels use for on-road and off-road vehicles in the state, it is the  
40 intent of the Legislature that the state board and the State Energy

1 Resources Conservation and Development Commission shall  
2 update the analysis of the state alternative transportation fuels use  
3 described in this section.

4 (b) The state board and the State Energy Resources Conservation  
5 and Development Commission shall coordinate efforts to  
6 implement this article.

7 (c) On or before November 1, 2014, the state board and the  
8 State Energy Resources Conservation and Development  
9 Commission shall update the economic analysis used in developing  
10 and reviewing state board regulations to include a range of  
11 petroleum and alternative fuel prices to more accurately assess the  
12 future cost of petroleum based and alternative fuels.

13 (d) The State Energy Resources Conservation and Development  
14 Commission, in consultation with the state board, shall do all of  
15 the following:

16 (1) Evaluate how the use of new and existing investment  
17 programs could be used to increase the state alternative  
18 transportation fuels use.

19 (2) Evaluate how the impact of federal fuel policies and existing  
20 state policies will help increase the use of alternative transportation  
21 fuels in the state.

22 (e) On or before November 1, 2015, and every two years  
23 thereafter consistent with and reported within the integrated energy  
24 policy report, pursuant to Section 25302 of the Public Resources  
25 Code, the state board and the State Energy Resources Conservation  
26 and Development Commission shall report on the status of the  
27 state alternative transportation fuels use analysis pursuant to  
28 subdivision (a) and make the evaluations required in subdivision  
29 (d). The report shall include details as to the quantities of  
30 alternative fuels used in the state during the preceding years in  
31 absolute terms and as a percentage of the state's overall  
32 transportation fuel mix.

33 (f) As part of developing relevant new and amended regulations,  
34 the state board shall include a finding on the effect of proposed  
35 regulations on the state alternative transportation fuels use.

36 (g) This section shall be implemented consistent with the  
37 environmental, public health, and sustainability considerations  
38 included in Sections 44271 and 44272. Further, this section does  
39 not preempt the California Global Warming Solutions Act of 2006

(Division 25.5 (commencing with Section 38500)) or the programs and policies implemented pursuant to that act.

(h) The state board and the State Energy Resources Conservation and Development Commission, in studying the state alternative transportation fuels use, shall seek to measure all of the following:

(1) In-state job creation through the continued development of an alternative fuels industry in the state.

(2) Economic vulnerability of residents to future costly petroleum fuel price spikes by the use of either petroleum fuels or alternative fuels and vehicles.

(3) Alternative fuel market penetration in nonattainment areas.

(4) Increases in access to the supply of alternative fuels and alternative fuel vehicles for all residents and barriers to that supply.

SEC. 6. Section 44060.5 of the Health and Safety Code is amended to read:

44060.5. (a) Beginning July 1, 2008, the smog abatement fee described in *subdivision (d) of* Section 44060 shall be increased by eight dollars (\$8).

(b) Revenues generated by the increase described in this section shall be distributed as follows:

(1) The revenues generated by four dollars (\$4) shall be deposited in the Air Quality Improvement Fund created by Section 44274.5.

(2) The revenues generated by four dollars (\$4) shall be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273.

(c) This section shall remain in effect only until ~~January 1, 2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before ~~January 1, 2016~~ 2024, deletes or extends that date.

SEC. 7. Section 44225 of the Health and Safety Code, as amended by Section 3 of Chapter 707 of the Statutes of 2004, is amended to read:

44225. A district may increase the fee established under Section 44223 to up to six dollars (\$6). A district may increase the fee only if the following conditions are met:

(a) A resolution providing for both the fee increase and a corresponding program for expenditure of the increased fees for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies

1 necessary for the implementation of, the California Clean Air Act  
2 of 1988 is adopted and approved by the governing board of the  
3 district.

4 (b) In districts with nonelected officials on their governing  
5 boards, the resolution shall be adopted and approved by both a  
6 majority of the governing board and a majority of the board  
7 members who are elected officials.

8 (c) An increase in fees established pursuant to this section shall  
9 become effective on either April 1 or October 1, as provided in  
10 the resolution adopted by the board pursuant to subdivision (a).

11 (d) This section shall remain in effect only until January 1, 2015  
12 2024, and as of that date is repealed, unless a later enacted statute,  
13 that is enacted before January 1, 2015 2024, deletes or extends  
14 that date.

15 SEC. 8. Section 44225 of the Health and Safety Code, as added  
16 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended  
17 to read:

18 44225. On and after April 1, 1992, a district may increase the  
19 fee established under Section 44223 to up to four dollars (\$4). A  
20 district may increase the fee only if the following conditions are  
21 met:

22 (a) A resolution providing for both the fee increase and a  
23 corresponding program for expenditure of the increased fees for  
24 the reduction of air pollution from motor vehicles pursuant to, and  
25 for related planning, monitoring, enforcement, and technical studies  
26 necessary for the implementation of, the California Clean Air Act  
27 of 1988 is adopted and approved by the governing board of the  
28 district.

29 (b) In districts with nonelected officials on their governing  
30 boards, the resolution shall be adopted and approved by both a  
31 majority of the governing board and a majority of the board  
32 members who are elected officials.

33 (c) An increase in fees established pursuant to this section shall  
34 become effective on either April 1 or October 1, as provided in  
35 the resolution adopted by the board pursuant to subdivision (a).

36 (d) This section shall become operative on January 1, 2015  
37 2024.

38 SEC. 9. Section 44229 of the Health and Safety Code, as  
39 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is  
40 amended to read:

1 44229. (a) After deducting all administrative costs it incurs  
2 through collection of fees pursuant to Section 44227, the  
3 Department of Motor Vehicles shall distribute the revenues to  
4 districts, which shall use the revenues resulting from the first four  
5 dollars (\$4) of each fee imposed to reduce air pollution from motor  
6 vehicles and to carry out related planning, monitoring, enforcement,  
7 and technical studies necessary for implementation of the California  
8 Clean Air Act of 1988. Fees collected by the Department of Motor  
9 Vehicles pursuant to this chapter shall be distributed to districts  
10 based upon the amount of fees collected from motor vehicles  
11 registered within each district.

12 (b) Notwithstanding ~~the provisions of~~ Sections 44241 and 44243,  
13 a district shall use the revenues resulting from the next two dollars  
14 (\$2) of each fee imposed pursuant to Section 44227 to implement  
15 the following programs that the district determines remediate air  
16 pollution harms created by motor vehicles on which the surcharge  
17 is imposed:

18 (1) Projects eligible for grants under the Carl Moyer Memorial  
19 Air Quality Standards Attainment Program (Chapter 9  
20 (commencing with Section 44275) of Part 5).

21 (2) The new purchase, retrofit, repower, or add-on equipment  
22 for previously unregulated agricultural sources of air pollution, as  
23 defined in Section 39011.5, for a minimum of three years from  
24 the date of adoption of an applicable rule or standard, or until the  
25 compliance date of that rule or standard, whichever is later, if the  
26 state board has determined that the rule or standard complies with  
27 Sections 40913, 40914, and 41503.1, after which period of time,  
28 a new purchase, retrofit, repower, or add-on of equipment shall  
29 not be funded pursuant to this chapter. The districts shall follow  
30 any guidelines developed under subdivision (a) of Section 44287  
31 for awarding grants under this program.

32 (3) The purchase of new, or retrofit of emissions control  
33 equipment for existing, schoolbuses pursuant to the  
34 Lower-Emission School Bus Program adopted by the state board.

35 (4) An accelerated vehicle retirement or repair program that is  
36 adopted by the state board pursuant to authority granted hereafter  
37 by the Legislature by statute.

38 (5) The replacement of onboard natural gas fuel tanks on  
39 schoolbuses owned by a school district that are 14 years or older,  
40 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state  
2 board.

3 (6) The enhancement of deteriorating natural gas fueling  
4 dispensers of fueling infrastructure operated by a school district  
5 with a one-time funding amount not to exceed five hundred dollars  
6 (\$500) per dispenser, pursuant to the Lower-Emission School Bus  
7 Program adopted by the state board.

8 (c) The Department of Motor Vehicles may annually expend  
9 not more than 1 percent of the fees collected pursuant to Section  
10 44227 on administrative costs.

11 (d) A project funded by the program shall not be used for credit  
12 under any state or federal emissions averaging, banking, or trading  
13 program. An emission reduction generated by the program shall  
14 not be used as marketable emission reduction credits or to offset  
15 any emission reduction obligation of any person or entity. Projects  
16 involving new engines that would otherwise generate marketable  
17 credits under state or federal averaging, banking, and trading  
18 programs shall include transfer of credits to the engine end user  
19 and retirement of those credits toward reducing air emissions in  
20 order to qualify for funding under the program. A purchase of a  
21 low-emission vehicle or of equipment pursuant to a corporate or  
22 a controlling board's policy, but not otherwise required by law,  
23 shall generate surplus emissions reductions and may be funded by  
24 the program.

25 (e) This section shall remain in effect only until January 1, 2015  
26 2024, and as of that date is repealed, unless a later enacted statute,  
27 that is enacted before January 1, 2015 2024, deletes or extends  
28 that date.

29 SEC. 10. Section 44229 of the Health and Safety Code, as  
30 added by Section 4.5 of Chapter 707 of the Statutes of 2004, is  
31 amended to read:

32 44229. (a) After deducting all administrative costs it incurs  
33 through collection of fees pursuant to Section 44227, the  
34 Department of Motor Vehicles shall distribute the revenues to  
35 districts which shall use the fees to reduce air pollution from motor  
36 vehicles and to carry out related planning, monitoring, enforcement,  
37 and technical studies necessary for implementation of the California  
38 Clean Air Act of 1988. Fees collected by the Department of Motor  
39 Vehicles pursuant to this chapter shall be distributed to districts

1 based upon the amount of fees collected from motor vehicles  
2 registered within each district.

3 (b) The Department of Motor Vehicles may annually expend  
4 not more than the following percentages of the fees collected  
5 pursuant to Section 44227 on administrative costs:

6 (1) During the first year after the operative date of this chapter,  
7 not more than 5 percent of the fees collected may be used for  
8 administrative costs.

9 (2) During the second year after the operative date of this  
10 chapter, not more than 3 percent of the fees collected may be used  
11 for administrative costs.

12 (3) During any year subsequent to the second year after the  
13 operative date of this chapter, not more than 1 percent of the fees  
14 collected may be used for administrative costs.

15 (c) This section shall become operative on **January 1, 2015**  
16 **2024.**

17 SEC. 11. Section 44275 of the Health and Safety Code, as  
18 amended by Section 5 of Chapter 707 of the Statutes of 2004, is  
19 amended to read:

20 44275. (a) As used in this chapter, the following terms have  
21 the following meanings:

22 (1) “Advisory board” means the Carl Moyer Program Advisory  
23 Board created by Section 44297.

24 (2) “Btu” means British thermal unit.

25 (3) “Commission” means the State Energy Resources  
26 Conservation and Development Commission.

27 (4) “Cost-effectiveness” means dollars provided to a project  
28 pursuant to subdivision (d) of Section 44283 for each ton of  
29 covered emission reduction attributed to a project or to the program  
30 as a whole. In calculating cost-effectiveness, one-time grants of  
31 funds made at the beginning of a project shall be annualized using  
32 a time value of public funds or discount rate determined for each  
33 project by the state board, taking into account the interest rate on  
34 bonds, interest earned by state funds, and other factors as  
35 determined appropriate by the state board. Cost-effectiveness shall  
36 be calculated by dividing annualized costs by average annual  
37 emissions reduction. The state board, in consultation with the  
38 districts and concerned members of the public, shall establish  
39 appropriate cost-effective limits for oxides of nitrogen, particulate  
40 matter, and reactive organic gases and a reasonable system for

1 comparing the cost-effectiveness of proposed projects as described  
2 in subdivision (a) of Section 44283.

3 (5) “Covered emissions” include emissions of oxides of nitrogen,  
4 particulate matter, and reactive organic gases from any covered  
5 source.

6 (6) “Covered engine” includes any internal combustion engine  
7 or electric motor and drive powering a covered source.

8 (7) “Covered source” includes onroad vehicles offroad  
9 nonrecreational equipment and vehicles, locomotives, diesel marine  
10 vessels, agricultural sources of air pollution, as defined in Section  
11 39011.5, and, as determined by the state board, other high-emitting  
12 engine categories.

13 (8) “Covered vehicle” includes any vehicle or piece of  
14 equipment powered by a covered engine.

15 (9) “District” means a county air pollution control district or an  
16 air quality management district.

17 (10) “Fund” means the Carl Moyer Memorial Air Quality  
18 Standards Attainment Trust Fund created by Section 44299.

19 (11) “Mobile Source Air Pollution Reduction Review  
20 Committee” means the Mobile Source Air Pollution Reduction  
21 Review Committee created by Section 44244.

22 (12) “Incremental cost” means the cost of the project less a  
23 baseline cost that would otherwise be incurred by the applicant in  
24 the normal course of business. Incremental costs may include  
25 added lease or fuel costs pursuant to Section 44283 as well as  
26 incremental capital costs.

27 (13) “New very low emission vehicle” means a heavy-duty  
28 vehicle that qualifies as a very low emission vehicle when it is a  
29 new vehicle, where new vehicle has the same meaning as defined  
30 in Section 430 of the Vehicle Code, or that is modified with the  
31 approval and warranty of the original equipment manufacturer to  
32 qualify as a very low emission vehicle within 12 months of delivery  
33 to an owner for private or commercial use.

34 (14) “NO<sub>x</sub>” means oxides of nitrogen.

35 (15) “Program” means the Carl Moyer Memorial Air Quality  
36 Standards Attainment Program created by subdivision (a) of  
37 Section 44280.

38 (16) “Repower” means replacing an engine with a different  
39 engine. The term repower, as used in this chapter, generally refers  
40 to replacing an older, uncontrolled engine with a new,

1 emissions-certified engine, although replacing an older  
2 emissions-certified engine with a newer engine certified to lower  
3 emissions standards may be eligible for funding under this program.

4 (17) “Retrofit” means making modifications to the engine and  
5 fuel system such that the retrofitted engine does not have the same  
6 specifications as the original engine.

7 (18) “Very low emission vehicle” means a heavy-duty vehicle  
8 with emissions significantly lower than otherwise applicable  
9 baseline emission standards or uncontrolled emission levels  
10 pursuant to Section 44282.

11 (b) This section shall remain in effect only until January 1, 2015  
12 2024, and as of that date is repealed, unless a later enacted statute,  
13 that is enacted before January 1, 2015 2024, deletes or extends  
14 that date.

15 SEC. 12. Section 44275 of the Health and Safety Code, as  
16 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is  
17 amended to read:

18 44275. (a) As used in this chapter, the following terms have  
19 the following meaning:

20 (1) “Advisory board” means the Carl Moyer Program Advisory  
21 Board created by Section 44297.

22 (2) “Btu” means British thermal unit.

23 (3) “Commission” means the State Energy Resources  
24 Conservation and Development Commission.

25 (4) “Cost-effectiveness” means dollars provided to a project  
26 pursuant to subdivision (d) of Section 44283 for each ton of NO<sub>x</sub>  
27 reduction attributed to a project or to the program as a whole. In  
28 calculating cost-effectiveness, one-time grants of funds made at  
29 the beginning of a project shall be annualized using a time value  
30 of public funds or discount rate determined for each project by the  
31 state board, taking into account the interest rate on bonds, interest  
32 earned by state funds, and other factors as determined appropriate  
33 by the state board. Cost-effectiveness shall be calculated by  
34 dividing annualized costs by average annual emissions reduction  
35 of NO<sub>x</sub> in this state.

36 (5) “Covered engine” includes any internal combustion engine  
37 or electric motor and drive powering a covered source.

38 (6) “Covered source” includes onroad vehicles of 14,000 pounds  
39 GVWR or greater, offroad nonrecreational equipment and vehicles,  
40 locomotives, diesel marine vessels, stationary agricultural engines,

1 and, as determined by the state board, other high-emitting diesel  
2 engine categories.

3 (7) “Covered vehicle” includes any vehicle or piece of  
4 equipment powered by a covered engine.

5 (8) “District” means a county air pollution control district or an  
6 air quality management district.

7 (9) “Fund” means the Carl Moyer Memorial Air Quality  
8 Standards Attainment Trust Fund created by Section 44299.

9 (10) “Mobile Source Air Pollution Reduction Review  
10 Committee” means the Mobile Source Air Pollution Reduction  
11 Review Committee created by Section 44244.

12 (11) “Incremental cost” means the cost of the project less a  
13 baseline cost that would otherwise be incurred by the applicant in  
14 the normal course of business. Incremental costs may include  
15 added lease or fuel costs pursuant to Section 44283 as well as  
16 incremental capital costs.

17 (12) “New very low emission vehicle” means a vehicle that  
18 qualifies as a very low emission vehicle when it is a new vehicle,  
19 where new vehicle has the same meaning as defined in Section  
20 430 of the Vehicle Code, or that is modified with the approval and  
21 warranty of the original equipment manufacturer to qualify as a  
22 very low emission vehicle within 12 months of delivery to an  
23 owner for private or commercial use.

24 (13) “NO<sub>x</sub>” means oxides of nitrogen.

25 (14) “Program” means the Carl Moyer Memorial Air Quality  
26 Standards Attainment Program created by subdivision (a) of  
27 Section 44280.

28 (15) “Repower” means replacing an engine with a different  
29 engine. The term repower, as used in this chapter, generally refers  
30 to replacing an older, uncontrolled engine with a new,  
31 emissions-certified engine, although replacing an older  
32 emissions-certified engine with a newer engine certified to lower  
33 emissions standards may be eligible for funding under this program.

34 (16) “Retrofit” means making modifications to the engine and  
35 fuel system such that the retrofitted engine does not have the same  
36 specifications as the original engine.

37 (17) “Very low emission vehicle” means a vehicle with  
38 emissions significantly lower than otherwise applicable baseline  
39 emission standards or uncontrolled emission levels pursuant to  
40 Section 44282.

(b) This section shall become operative on ~~January 1, 2015~~  
~~2024~~.

SEC. 13. Section 44280 of the Health and Safety Code, as amended by Section 6 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce covered emissions from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. The infrastructure demonstration and technology development portions of the program shall be managed by the commission, in consultation with the state board.

(d) This section shall remain in effect only until ~~January 1, 2015~~  
~~2024~~, and as of that date is repealed, unless a later enacted statute, that is enacted before ~~January 1, 2015~~ ~~2024~~, deletes or extends that date.

SEC. 14. Section 44280 of the Health and Safety Code, as added by Section 6.5 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce emissions of NO<sub>x</sub> from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology

1 development efforts that are expected to result in commercially  
2 available technologies in the near-term that would improve the  
3 ability of the program to achieve its goals. The infrastructure  
4 demonstration and technology development portions of the program  
5 shall be managed by the commission, in consultation with the state  
6 board.

7 (d) This section shall become operative on **January 1, 2015**  
8 **2024.**

9 SEC. 15. Section 44281 of the Health and Safety Code, as  
10 amended by Section 7 of Chapter 707 of the Statutes of 2004, is  
11 amended to read:

12 44281. (a) Eligible projects include, but are not limited to, any  
13 of the following:

14 (1) Purchase of new very low or zero-emission covered vehicles  
15 or covered heavy-duty engines.

16 (2) Emission-reducing retrofit of covered engines, or  
17 replacement of old engines powering covered sources with newer  
18 engines certified to more stringent emissions standards than the  
19 engine being replaced, or with electric motors or drives.

20 (3) Purchase and use of emission-reducing add-on equipment  
21 that has been verified by the state board for covered vehicles.

22 (4) Development and demonstration of practical, low-emission  
23 retrofit technologies, repower options, and advanced technologies  
24 for covered engines and vehicles with very low emissions of oxides  
25 of nitrogen.

26 (5) Light- and medium-duty vehicle projects in compliance with  
27 guidelines adopted by the state board pursuant to Title 13 of the  
28 California Code of Regulations.

29 (b) No project shall be funded under this chapter after the  
30 compliance date required by any local, state, or federal statute,  
31 rule, regulation, memoranda of agreement or understanding, or  
32 other legally binding document, except that an otherwise qualified  
33 project may be funded even if the State Implementation Plan  
34 assumes that the change in equipment, vehicles, or operations will  
35 occur, if the change is not required by the compliance date of a  
36 statute, regulation, or other legally binding document in effect as  
37 of the date the grant is awarded. No project funded by the program  
38 shall be used for credit under any state or federal emissions  
39 averaging, banking, or trading program. No emission reduction  
40 generated by the program shall be used as marketable emission

1 reduction credits or to offset any emission reduction obligation of  
2 any person or entity. Projects involving new engines that would  
3 otherwise generate marketable credits under state or federal  
4 averaging, banking, and trading programs shall include transfer  
5 of credits to the engine end user and retirement of those credits  
6 toward reducing air emissions in order to qualify for funding under  
7 the program. A purchase of a low-emission vehicle or of equipment  
8 pursuant to a corporate or a controlling board's policy, but not  
9 otherwise required by law, shall generate surplus emissions  
10 reductions and may be funded by the program.

11 (c) The program may also provide funding toward installation  
12 of fueling or electrification infrastructure as provided in Section  
13 44284.

14 (d) Eligible applicants may be any individual, company, or  
15 public agency that owns one or more covered vehicles that operate  
16 primarily within California or otherwise contribute substantially  
17 to the NO<sub>x</sub>, PM or ROG emissions inventory in California.

18 (e) It is the intent of the Legislature that all emission reductions  
19 generated by this chapter shall contribute to public health by  
20 reducing, for the life of the vehicle being funded, the total amount  
21 of emissions in California.

22 (f) This section shall remain in effect only until **January 1, 2015**  
23 **2024**, and as of that date is repealed, unless a later enacted statute,  
24 that is enacted before **January 1, 2015 2024**, deletes or extends  
25 that date.

26 SEC. 16. Section 44281 of the Health and Safety Code, as  
27 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is  
28 amended to read:

29 44281. (a) Eligible projects are any of the following:

30 (1) Purchase of new very low or zero-emission covered vehicles  
31 or covered engines.

32 (2) Emission-reducing retrofit of covered engines, or  
33 replacement of old engines powering covered sources with newer  
34 engines certified to more stringent emissions standards than the  
35 engine being replaced, or with electric motors or drives.

36 (3) Purchase and use of emission-reducing add-on equipment  
37 for covered vehicles.

38 (4) Development and demonstration of practical, low-emission  
39 retrofit technologies, repower options, and advanced technologies

1 for covered engines and vehicles with very low emissions of oxides  
2 of nitrogen.

3 (b) No new purchase, retrofit, repower, or add-on equipment  
4 shall be funded under this chapter if it is required by any local,  
5 state, or federal statute, rule, regulation, memoranda of agreement  
6 or understanding, or other legally binding document, except that  
7 an otherwise qualified project may be funded even if the State  
8 Implementation Plan assumes that the change in equipment,  
9 vehicles, or operations will occur, if the change is not required by  
10 a statute, regulation, or other legally binding document in effect  
11 as of the date the grant is awarded. No project funded by the  
12 program shall be used for credit under any state or federal  
13 emissions averaging, banking, or trading program. No emission  
14 reduction generated by the program shall be used as marketable  
15 emission reduction credits or to offset any emission reduction  
16 obligation of any entity. Projects involving new engines that would  
17 otherwise generate marketable credits under state or federal  
18 averaging, banking, and trading programs shall include transfer  
19 of credits to the engine end user and retirement of those credits  
20 toward reducing air emissions in order to qualify for funding under  
21 the program. A purchase of a low-emission vehicle or of equipment  
22 pursuant to a corporate or a controlling board's policy, but not  
23 otherwise required by law, shall generate surplus emissions  
24 reductions and may be funded by the program.

25 (c) The program may also provide funding toward installation  
26 of fueling or electrification infrastructure as provided in Section  
27 44284.

28 (d) Eligible applicants may be any individual, company, or  
29 public agency that owns one or more covered vehicles that operate  
30 primarily within California or otherwise contribute substantially  
31 to the NO<sub>x</sub> emissions inventory in California.

32 (e) It is the intent of the Legislature that all emission reductions  
33 generated by this chapter shall contribute to public health by  
34 reducing, for the life of the vehicle being funded, the total amount  
35 of emissions in California.

36 (f) This section shall become operative on January 1, 2015 2024.

37 SEC. 17. Section 44282 of the Health and Safety Code, as  
38 amended by Section 8 of Chapter 707 of the Statutes of 2004, is  
39 amended to read:

1 44282. The following criteria apply to all projects to be funded  
2 through the program except for projects funded through the  
3 Advanced Technology Account and the Infrastructure  
4 Demonstration Program:

5 (a) The state board may establish project criteria, including  
6 minimum project life for source categories, in the guidelines  
7 described in Section 44287. For previously unregulated source  
8 categories, project criteria shall consider the timing of newly  
9 established regulatory requirements.

10 (b) To be eligible, projects shall meet the cost-effectiveness per  
11 ton of covered emissions reduced requirements of Section 44283.

12 (c) To be eligible, retrofits, repowers, and installation of add-on  
13 equipment for covered vehicles shall be performed, or new covered  
14 vehicles delivered to the end user, or covered vehicles scrapped  
15 on or after the date the program is implemented.

16 (d) Retrofit technologies, new engines, and new vehicles shall  
17 be certified for sale or under experimental permit for operation in  
18 California.

19 (e) Repower projects that replace older, uncontrolled engines  
20 with new, emissions-certified engines or that replace  
21 emissions-certified engines with new engines certified to a more  
22 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
23 other applicable selection criteria. The state board shall determine  
24 appropriate baseline emission levels for the uncontrolled engines  
25 being replaced.

26 (f) For heavy-duty-vehicle projects, retrofit and add-on  
27 equipment projects shall document a NO<sub>x</sub> or PM emission  
28 reduction of at least 25 percent and no increase in other covered  
29 emissions compared to the applicable baseline emissions accepted  
30 by the state board for that engine year and application. The state  
31 board shall determine appropriate baseline emission levels.  
32 Acceptable documentation shall be defined by the state board.  
33 After study of available emission reduction technologies and after  
34 public notice and comment, the state board may revise the  
35 minimum percentage emission reduction criterion for retrofits and  
36 add-on equipment provided for in this section to improve the ability  
37 of the program to achieve its goals.

38 (g) (1) For heavy-duty-vehicle projects involving the purchase  
39 of new very low or zero-emission vehicles, engines shall be

1 certified to an optional low NO<sub>x</sub> emissions standard established  
2 by the state board, except as provided for in paragraph (2).

3 (2) For heavy-duty-vehicle projects involving the purchase of  
4 new very low or zero-emission covered vehicles for which no  
5 optional low NO<sub>x</sub> emission standards are available, documentation  
6 shall be provided showing that the low or zero-emission engine  
7 emits not more than 70 percent of the NO<sub>x</sub> or NO<sub>x</sub> plus  
8 hydrocarbon emissions of a new engine certified to the applicable  
9 baseline NO<sub>x</sub> or NO<sub>x</sub> plus hydrocarbon emission standard for that  
10 engine and meets applicable particulate standards. The state board  
11 shall specify the documentation required. If no baseline emission  
12 standard exists for new vehicles in a particular category, the state  
13 board shall determine an appropriate baseline emission level for  
14 comparison.

15 (h) For projects other than heavy-duty-vehicle projects, the state  
16 board shall determine appropriate criteria under the provisions of  
17 Section 44287.

18 (i) This section shall remain in effect only until January 1, 2015  
19 2024, and as of that date is repealed, unless a later enacted statute,  
20 that is enacted before January 1, 2015 2024, deletes or extends  
21 that date.

22 SEC. 18. Section 44282 of the Health and Safety Code, as  
23 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is  
24 amended to read:

25 44282. The following criteria apply to all projects to be funded  
26 through the program except for projects funded through the  
27 Advanced Technology Account and the Infrastructure  
28 Demonstration Program:

29 (a) Except for projects involving marine vessels, 75 percent or  
30 more of vehicle miles traveled or hours of operation shall be  
31 projected to be in California for at least five years following the  
32 grant award. Projects involving marine vessels and engines shall  
33 be limited to those that spend enough time operating in California  
34 air basins over the lifetime of the project to meet the  
35 cost-effectiveness criteria based on NO<sub>x</sub> reductions in California,  
36 as provided in Section 44283.

37 (b) To be eligible, projects shall meet cost-effectiveness per ton  
38 of NO<sub>x</sub> reduced requirements of Section 44283.

39 (c) To be eligible, retrofits, repowers, and installation of add-on  
40 equipment for covered vehicles shall be performed, or new covered

1 vehicles delivered to the end user, on or after the date the program  
2 is implemented.

3 (d) Retrofit technologies, new engines, and new vehicles shall  
4 be certified for sale or under experimental permit for operation in  
5 California.

6 (e) Repower projects that replace older, uncontrolled engines  
7 with new, emissions-certified engines or that replace  
8 emissions-certified engines with new engines certified to a more  
9 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
10 other applicable selection criteria. The state board shall determine  
11 appropriate baseline emission levels for the uncontrolled engines  
12 being replaced.

13 (f) Retrofit and add-on equipment projects shall document a  
14 NO<sub>x</sub> emission reduction of at least 25 percent and no increase in  
15 particulate emissions compared to the applicable baseline emissions  
16 accepted by the state board for that engine year and application.  
17 The state board shall determine appropriate baseline emission  
18 levels. Acceptable documentation shall be defined by the state  
19 board. After study of available emission reduction technologies  
20 and after public notice and comment, the state board may revise  
21 the minimum percentage NO<sub>x</sub> reduction criterion for retrofits and  
22 add-on equipment provided for in this section to improve the ability  
23 of the program to achieve its goals.

24 (g) (1) For projects involving the purchase of new very low or  
25 zero-emission vehicles, engines shall be certified to an optional  
26 low NO<sub>x</sub> emissions standard established by the state board, except  
27 as provided for in paragraph (2).

28 (2) For projects involving the purchase of new very low or  
29 zero-emission covered vehicles for which no optional low NO<sub>x</sub>  
30 emission standards are available, documentation shall be provided  
31 showing that the low or zero-emission engine emits not more than  
32 70 percent of the NO<sub>x</sub> or NO<sub>x</sub> plus hydrocarbon emissions of a  
33 new engine certified to the applicable baseline NO<sub>x</sub> or NO<sub>x</sub> plus  
34 hydrocarbon emission standard for that engine and meets applicable  
35 particulate standards. The state board shall specify the  
36 documentation required. If no baseline emission standard exists  
37 for new vehicles in a particular category, the state board shall  
38 determine an appropriate baseline emission level for comparison.

39 (h) This section shall become operative on January 1, 2015  
40 2024.

1 SEC. 19. Section 44283 of the Health and Safety Code, as  
2 amended by Section 1 of Chapter 571 of the Statutes of 2010, is  
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a  
5 cost-effectiveness, calculated in accordance with this section, of  
6 more than thirteen thousand six hundred dollars (\$13,600) per ton  
7 of NO<sub>x</sub> reduced in California or a higher value that reflects state  
8 consumer price index adjustments on or after January 1, 2006, as  
9 determined by the state board. For projects obtaining reactive  
10 organic gas and particulate matter reductions, the state board shall  
11 determine appropriate adjustment factors to calculate a weighted  
12 cost-effectiveness.

13 (b) Only covered emission reductions occurring in this state  
14 shall be included in the cost-effectiveness determination. The  
15 extent to which emissions generated at sea contribute to air quality  
16 in California nonattainment areas shall be incorporated into these  
17 methodologies based on a reasonable assessment of currently  
18 available information and modeling assumptions.

19 (c) The state board shall develop protocols for calculating the  
20 surplus covered emission reductions in California from  
21 representative project types over the life of the project.

22 (d) The cost of the covered emission reduction is the amount  
23 of the grant from the program, including matching funds provided  
24 pursuant to subdivision (e) of Section 44287, plus any other state  
25 funds, or funds under the district's budget authority or fiduciary  
26 control, provided toward the project, not including funds described  
27 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
28 The state board shall establish reasonable methodologies for  
29 evaluating project cost-effectiveness, consistent with the definition  
30 contained in paragraph (4) of subdivision (a) of Section 44275,  
31 and with accepted methods, taking into account a fair and  
32 reasonable discount rate or time value of public funds.

33 (e) A grant shall not be made that, net of taxes, provides the  
34 applicant with funds in excess of the incremental cost of the project.  
35 Incremental lease costs may be capitalized according to guidelines  
36 adopted by the state board so that these incremental costs may be  
37 offset by a one-time grant award.

38 (f) Funds under a district's budget authority or fiduciary control  
39 may be used to pay for the incremental cost of liquid or gaseous  
40 fuel, other than standard gasoline or diesel, which is integral to a

1 covered emission reducing technology that is part of a project  
2 receiving grant funding under the program. The fuel shall be  
3 approved for sale by the state board. The incremental fuel cost  
4 over the expected lifetime of the vehicle may be offset by the  
5 district if the project as a whole, including the incremental fuel  
6 cost, meets all of the requirements of this chapter, including the  
7 maximum allowed cost-effectiveness. The state board shall develop  
8 an appropriate methodology for converting incremental fuel costs  
9 over the vehicle lifetime into an initial cost for the purposes of  
10 determining project cost-effectiveness. Incremental fuel costs shall  
11 not be included in project costs for fuels dispensed from any facility  
12 that was funded, in whole or in part, from the fund.

13 (g) For purposes of determining any grant amount pursuant to  
14 this chapter, the incremental cost of any new purchase, retrofit,  
15 repower, or add-on equipment shall be reduced by the value of  
16 any current financial incentive that directly reduces the project  
17 price, including any tax credits or deductions, grants, or other  
18 public financial assistance, not including funds described in  
19 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
20 Project proponents applying for funding shall be required to state  
21 in their application any other public financial assistance to the  
22 project.

23 (h) For projects that would repower offroad equipment by  
24 replacing uncontrolled diesel engines with new, certified diesel  
25 engines, the state board may establish maximum grant award  
26 amounts per repower. A repower project shall also be subject to  
27 the incremental cost maximum pursuant to subdivision (e).

28 (i) After study of available emission reduction technologies and  
29 costs and after public notice and comment, the state board may  
30 reduce the values of the maximum grant award criteria stated in  
31 this section to improve the ability of the program to achieve its  
32 goals. Every year the state board shall adjust the maximum  
33 cost-effectiveness amount established in subdivision (a) and any  
34 per-project maximum set by the state board pursuant to subdivision  
35 (h) to account for inflation.

36 (j) This section shall remain in effect only until January 1, 2015  
37 2024, and as of that date is repealed, unless a later enacted statute,  
38 that is enacted before January 1, 2015 2024, deletes or extends  
39 that date.

1 SEC. 20. Section 44283 of the Health and Safety Code, as  
2 amended by Section 2 of Chapter 571 of the Statutes of 2010, is  
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a  
5 cost-effectiveness, calculated in accordance with this section, of  
6 more than twelve thousand dollars (\$12,000) per ton of NO<sub>x</sub>  
7 reduced in California or a higher value that reflects state consumer  
8 price index adjustments on or after January 1, ~~2015~~ 2024, as  
9 determined by the state board.

10 (b) Only NO<sub>x</sub> reductions occurring in this state shall be included  
11 in the cost-effectiveness determination. The extent to which  
12 emissions generated at sea contribute to air quality in California  
13 nonattainment areas shall be incorporated into these methodologies  
14 based on a reasonable assessment of currently available information  
15 and modeling assumptions.

16 (c) The state board shall develop protocols for calculating the  
17 surplus NO<sub>x</sub> reductions in California from representative project  
18 types over the life of the project.

19 (d) The cost of the NO<sub>x</sub> reduction is the amount of the grant  
20 from the program, including matching funds provided pursuant to  
21 subdivision (e) of Section 44287, plus any other state funds, or  
22 funds under the district's budget authority or fiduciary control,  
23 provided toward the project, not including funds described in  
24 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The  
25 state board shall establish reasonable methodologies for evaluating  
26 project cost-effectiveness, consistent with the definition contained  
27 in paragraph (4) of subdivision (a) of Section 44275, and with  
28 accepted methods, taking into account a fair and reasonable  
29 discount rate or time value of public funds.

30 (e) A grant shall not be made that, net of taxes, provides the  
31 applicant with funds in excess of the incremental cost of the project.  
32 Incremental lease costs may be capitalized according to guidelines  
33 adopted by the state board so that these incremental costs may be  
34 offset by a one-time grant award.

35 (f) Funds under a district's budget authority or fiduciary control  
36 may be used to pay for the incremental cost of liquid or gaseous  
37 fuel, other than standard gasoline or diesel, which is integral to a  
38 NO<sub>x</sub> reducing technology that is part of a project receiving grant  
39 funding under the program. The fuel shall be approved for sale by  
40 the state board. The incremental fuel cost over the expected lifetime

1 of the vehicle may be offset by the district if the project as a whole,  
2 including the incremental fuel cost, meets all of the requirements  
3 of this chapter, including the maximum allowed cost-effectiveness.  
4 The state board shall develop an appropriate methodology for  
5 converting incremental fuel costs over the vehicle lifetime into an  
6 initial cost for the purposes of determining project  
7 cost-effectiveness. Incremental fuel costs shall not be included in  
8 project costs for fuels dispensed from any facility that was funded,  
9 in whole or in part, from the fund.

10 (g) For purposes of determining any grant amount pursuant to  
11 this chapter, the incremental cost of any new purchase, retrofit,  
12 repower, or add-on equipment shall be reduced by the value of  
13 any current financial incentive that directly reduces the project  
14 price, including any tax credits or deductions, grants, or other  
15 public financial assistance, not including funds described in  
16 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
17 Project proponents applying for funding shall be required to state  
18 in their application any other public financial assistance to the  
19 project.

20 (h) For projects that would repower offroad equipment by  
21 replacing uncontrolled diesel engines with new, certified diesel  
22 engines, the state board may establish maximum grant award  
23 amounts per repower. A repower project shall also be subject to  
24 the incremental cost maximum pursuant to subdivision (e).

25 (i) After study of available emission reduction technologies and  
26 costs and after public notice and comment, the state board may  
27 reduce the values of the maximum grant award criteria stated in  
28 this section to improve the ability of the program to achieve its  
29 goals. Every year the state board shall adjust the maximum  
30 cost-effectiveness amount established in subdivision (a) and any  
31 per-project maximum set by the state board pursuant to subdivision  
32 (h) to account for inflation.

33 (j) This section shall become operative on ~~January 1, 2015~~ 2024.

34 SEC. 21. Section 44287 of the Health and Safety Code, as  
35 amended by Section 10 of Chapter 707 of the Statutes of 2004, is  
36 amended to read:

37 44287. (a) The state board shall establish or update grant  
38 criteria and guidelines consistent with this chapter for covered  
39 vehicle projects as soon as practicable, but not later than January  
40 1, 2006. The adoption of guidelines is exempt from the rulemaking

1 provisions of the Administrative Procedure Act, Chapter 3.5  
2 (commencing with Section 11340) of Part 1 of Division 3 of Title  
3 2 of the Government Code. The state board shall solicit input and  
4 comment from the districts during the development of the criteria  
5 and guidelines and shall make every effort to develop criteria and  
6 guidelines that are compatible with existing district programs that  
7 are also consistent with this chapter. Guidelines shall include  
8 protocols to calculate project cost-effectiveness. The grant criteria  
9 and guidelines shall include safeguards to ensure that the project  
10 generates surplus emissions reductions. Guidelines shall enable  
11 and encourage districts to cofund projects that provide emissions  
12 reductions in more than one district. The state board shall make  
13 draft criteria and guidelines available to the public 45 days before  
14 final adoption, and shall hold at least one public meeting to  
15 consider public comments before final adoption. The state board  
16 may develop separate guidelines and criteria for the different types  
17 of eligible projects described in subdivision (a) of Section 44281.

18 (b) The state board, in consultation with the participating  
19 districts, may propose revisions to the criteria and guidelines  
20 established pursuant to subdivision (a) as necessary to improve  
21 the ability of the program to achieve its goals. A proposed revision  
22 shall be made available to the public 45 days before final adoption  
23 of the revision and the state board shall hold at least one public  
24 meeting to consider public comments before final adoption of the  
25 revision.

26 (c) The state board shall reserve funds for, and disburse funds  
27 to, districts from the fund for administration pursuant to this section  
28 and Section 44299.1.

29 (d) The state board shall develop guidelines for a district to  
30 follow in applying for the reservation of funds, in accordance with  
31 this chapter. It is the intent of the Legislature that district  
32 administration of any reserved funds be in accordance with the  
33 project selection criteria specified in Sections 44281, 44282, and  
34 44283 and all other provisions of this chapter. The guidelines shall  
35 be established and published by the state board as soon as  
36 practicable, but not later than January 1, 2006.

37 (e) Funds shall be reserved by the state board for administration  
38 by a district that adopts an eligible program pursuant to this chapter  
39 and offers matching funds at a ratio of one dollar (\$1) of matching  
40 funds committed by the district or the Mobile Source Air Pollution

1 Reduction Review Committee for every two dollars (\$2) committed  
2 from the fund. Funds available to the Mobile Source Air Pollution  
3 Reduction Review Committee may be counted as matching funds  
4 for projects in the South Coast Air Basin only if the committee  
5 approves the use of these funds for matching purposes. Matching  
6 funds may be any funds under the district's budget authority that  
7 are committed to be expended in accordance with the program.  
8 Funds committed by a port authority or a local government, in  
9 cooperation with a district, to be expended in accordance with the  
10 program may also be counted as district matching funds. Matching  
11 funds provided by a port authority or a local government may not  
12 exceed 30 percent of the total required matching funds in any  
13 district that applies for more than three hundred thousand dollars  
14 (\$300,000) of the state board funds. Only a district, or a port  
15 authority or a local government teamed with a district, may provide  
16 matching funds.

17 (f) The state board may adjust the ratio of matching funds  
18 described in subdivision (e), if it determines that an adjustment is  
19 necessary in order to maximize the use of, or the air quality benefits  
20 provided by, the program, based on a consideration of the financial  
21 resources of the district.

22 (g) Notwithstanding subdivision (e), a district need not provide  
23 matching funds for state board funds allocated to the district for  
24 program outreach activities pursuant to paragraph (4) of subdivision  
25 (a) of Section 44299.1.

26 (h) A district may include within its matching funds a reasonable  
27 estimate of direct or in-kind costs for assistance in providing  
28 program outreach and application evaluation. In-kind and direct  
29 matching funds shall not exceed 15 percent of the total matching  
30 funds offered by a district. A district may also include within its  
31 matching funds any money spent on or after February 25, 1999,  
32 that would have qualified as matching funds but were not  
33 previously claimed as matching funds.

34 (i) A district desiring a reservation of funds shall apply to the  
35 state board following the application guidelines established  
36 pursuant to this section. The state board shall approve or disapprove  
37 a district application not later than 60 days after receipt. Upon  
38 approval of any district application, the state board shall  
39 simultaneously approve a reservation of funding for that district

1 to administer. Reserved funds shall be disbursed to the district so  
2 that funding of a district-approved project is not impeded.

3 (j) Notwithstanding any other provision of this chapter, districts  
4 and the Mobile Source Air Pollution Reduction Review Committee  
5 shall not use funds collected pursuant to Section 41081 or Chapter  
6 7 (commencing with Section 44220), or pursuant to Section  
7 9250.11 of the Vehicle Code, as matching funds to fund a project  
8 with stationary or portable engines, locomotives, or marine vessels.

9 (k) Any funds reserved for a district pursuant to this section are  
10 available to the district for a period of not more than two years  
11 from the time of reservation. Funds not expended by June 30 of  
12 the second calendar year following the date of the reservation shall  
13 revert back to the state board as of that June 30, and shall be  
14 deposited in the Covered Vehicle Account established pursuant to  
15 Section 44299. The funds may then be redirected based on  
16 applications to the fund. Regardless of any reversion of funds back  
17 to the state board, the district may continue to request other  
18 reservations of funds for local administration. Each reservation of  
19 funds shall be accounted for separately, and unused funds from  
20 each application shall revert back to the state board as specified  
21 in this subdivision.

22 (l) The state board shall specify a date each year when district  
23 applications are due. If the eligible applications received in any  
24 year oversubscribe the available funds, the state board shall reserve  
25 funds on an allocation basis, pursuant to Section 44299.2. The  
26 state board may accept a district application after the due date for  
27 a period of months specified by the state board. Funds may be  
28 reserved in response to those applications, in accordance with this  
29 chapter, out of funds remaining after the original reservation of  
30 funds for the year.

31 (m) Guidelines for a district application shall require information  
32 from an applicant district to the extent necessary to meet the  
33 requirements of this chapter, but shall otherwise minimize the  
34 information required of a district.

35 (n) A district application shall be reviewed by the state board  
36 immediately upon receipt. If the state board determines that an  
37 application is incomplete, the applicant shall be notified within 10  
38 working days with an explanation of what is missing from the  
39 application. A completed application fulfilling the criteria shall be

1 approved as soon as practicable, but not later than 60 working days  
2 after receipt.

3 (o) The commission, in consultation with the districts, shall  
4 establish project approval criteria and guidelines for infrastructure  
5 projects consistent with Section 44284 as soon as practicable, but  
6 not later than February 15, 2000. The commission shall make draft  
7 criteria and guidelines available to the public 45 days before final  
8 adoption, and shall hold at least one public meeting to consider  
9 public comments before final adoption.

10 (p) The commission, in consultation with the participating  
11 districts, may propose revisions to the criteria and guidelines  
12 established pursuant to subdivision (o) as necessary to improve  
13 the ability of the program to achieve its goals. A revision may be  
14 proposed at any time, or may be proposed in response to a finding  
15 made in the annual report on the program published by the state  
16 board pursuant to Section 44295. A proposed revision shall be  
17 made available to the public 45 days before final adoption of the  
18 revision and the commission shall hold at least one public meeting  
19 to consider public comments before final adoption of the revision.

20 (q) Unclaimed funds will be allocated by the state board in  
21 accordance with Section 44299.2.

22 (r) This section shall remain in effect only until January 1, 2015  
23 2024, and as of that date is repealed, unless a later enacted statute,  
24 that is enacted before January 1, 2015 2024, deletes or extends  
25 that date.

26 SEC. 22. Section 44287 of the Health and Safety Code, as  
27 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is  
28 amended to read:

29 44287. (a) The state board shall establish grant criteria and  
30 guidelines consistent with this chapter for covered vehicle projects  
31 as soon as practicable, but not later than January 1, 2000. The  
32 adoption of guidelines is exempt from the rulemaking provisions  
33 of the Administrative Procedure Act, Chapter 3.5 (commencing  
34 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
35 Government Code. The state board shall solicit input and comment  
36 from the districts during the development of the criteria and  
37 guidelines and shall make every effort to develop criteria and  
38 guidelines that are compatible with existing district programs that  
39 are also consistent with this chapter. Guidelines shall include  
40 protocols to calculate project cost-effectiveness. The grant criteria

1 and guidelines shall include safeguards to ensure that the project  
2 generates surplus emissions reductions. Guidelines shall enable  
3 and encourage districts to cofund projects that provide emissions  
4 reductions in more than one district. The state board shall make  
5 draft criteria and guidelines available to the public 45 days before  
6 final adoption, and shall hold at least one public meeting to  
7 consider public comments before final adoption.

8 (b) The state board, in consultation with the participating  
9 districts, may propose revisions to the criteria and guidelines  
10 established pursuant to subdivision (a) as necessary to improve  
11 the ability of the program to achieve its goals. A proposed revision  
12 shall be made available to the public 45 days before final adoption  
13 of the revision and the state board shall hold at least one public  
14 meeting to consider public comments before final adoption of the  
15 revision.

16 (c) The state board shall reserve funds for, and disburse funds  
17 to, districts from the fund for administration pursuant to this section  
18 and Section 44299.1.

19 (d) The state board shall develop guidelines for a district to  
20 follow in applying for the reservation of funds, in accordance with  
21 this chapter. It is the intent of the Legislature that district  
22 administration of any reserved funds be in accordance with the  
23 project selection criteria specified in Sections 44281, 44282, and  
24 44283 and all other provisions of this chapter. The guidelines shall  
25 be established and published by the state board as soon as  
26 practicable, but not later than January 1, 2000.

27 (e) Funds shall be reserved by the state board for administration  
28 by a district that adopts an eligible program pursuant to this chapter  
29 and offers matching funds at a ratio of one dollar (\$1) of matching  
30 funds committed by the district or the Mobile Source Air Pollution  
31 Reduction Review Committee for every two dollars (\$2) committed  
32 from the fund. Funds available to the Mobile Source Air Pollution  
33 Reduction Review Committee may be counted as matching funds  
34 for projects in the South Coast Air Basin only if the committee  
35 approves the use of these funds for matching purposes. Matching  
36 funds may be any funds under the district's budget authority that  
37 are committed to be expended in accordance with the program.  
38 Funds committed by a port authority or a local government, in  
39 cooperation with a district, to be expended in accordance with the  
40 program may also be counted as district matching funds. Matching

1 funds provided by a port authority or a local government may not  
2 exceed 30 percent of the total required matching funds in any  
3 district that applies for more than three hundred thousand dollars  
4 (\$300,000) of the state board funds. Only a district, or a port  
5 authority or a local government teamed with a district, may provide  
6 matching funds.

7 (f) The state board may adjust the ratio of matching funds  
8 described in subdivision (e), if it determines that an adjustment is  
9 necessary in order to maximize the use of, or the air quality benefits  
10 provided by, the program, based on a consideration of the financial  
11 resources of the district.

12 (g) Notwithstanding subdivision (e), a district need not provide  
13 matching funds for state board funds allocated to the district for  
14 program outreach activities pursuant to paragraph (4) of subdivision  
15 (a) of Section 44299.1.

16 (h) A district may include within its matching funds a reasonable  
17 estimate of direct or in-kind costs for assistance in providing  
18 program outreach and application evaluation. In-kind and direct  
19 matching funds shall not exceed 15 percent of the total matching  
20 funds offered by a district. A district may also include within its  
21 matching funds any money spent on or after February 25, 1999,  
22 that would have qualified as matching funds but were not  
23 previously claimed as matching funds.

24 (i) A district desiring a reservation of funds shall apply to the  
25 state board following the application guidelines established  
26 pursuant to this section. The state board shall approve or disapprove  
27 a district application not later than 60 days after receipt. Upon  
28 approval of any district application, the state board shall  
29 simultaneously approve a reservation of funding for that district  
30 to administer. Reserved funds shall be disbursed to the district so  
31 that funding of a district-approved project is not impeded.

32 (j) Notwithstanding any other provision of this chapter, districts  
33 and the Mobile Source Air Pollution Reduction Review Committee  
34 shall not use funds collected pursuant to Section 41081 or Chapter  
35 7 (commencing with Section 44220), or pursuant to Section  
36 9250.11 of the Vehicle Code, as matching funds to fund a project  
37 with stationary or portable engines, locomotives, or marine vessels.

38 (k) Any funds reserved for a district pursuant to this section are  
39 available to the district for a period of not more than two years  
40 from the time of reservation. Funds not expended by June 30 of

1 the second calendar year following the date of the reservation shall  
2 revert back to the state board as of that June 30, and shall be  
3 deposited in the Covered Vehicle Account established pursuant to  
4 Section 44299. The funds may then be redirected based on  
5 applications to the fund. Regardless of any reversion of funds back  
6 to the state board, the district may continue to request other  
7 reservations of funds for local administration. Each reservation of  
8 funds shall be accounted for separately, and unused funds from  
9 each application shall revert back to the state board as specified  
10 in this subdivision.

11 (l) The state board shall specify a date each year when district  
12 applications are due. If the eligible applications received in any  
13 year oversubscribe the available funds, the state board shall reserve  
14 funds on an allocation basis, pursuant to subdivision (b) of Section  
15 44299.1. The state board may accept a district application after  
16 the due date for a period of months specified by the state board.  
17 Funds may be reserved in response to those applications, in  
18 accordance with this chapter, out of funds remaining after the  
19 original reservation of funds for the year.

20 (m) Guidelines for a district application shall require information  
21 from an applicant district to the extent necessary to meet the  
22 requirements of this chapter, but shall otherwise minimize the  
23 information required of a district.

24 (n) A district application shall be reviewed by the state board  
25 immediately upon receipt. If the state board determines that an  
26 application is incomplete, the applicant shall be notified within 10  
27 working days with an explanation of what is missing from the  
28 application. A completed application fulfilling the criteria shall be  
29 approved as soon as practicable, but not later than 60 working days  
30 after receipt.

31 (o) The state board, in consultation with the districts, shall  
32 establish project approval criteria and guidelines for infrastructure  
33 projects consistent with Section 44284 as soon as practicable, but  
34 not later than February 15, 2000. The commission shall make draft  
35 criteria and guidelines available to the public 45 days before final  
36 adoption, and shall hold at least one public meeting to consider  
37 public comments before final adoption.

38 (p) The state board, in consultation with the participating  
39 districts, may propose revisions to the criteria and guidelines  
40 established pursuant to subdivision (o) as necessary to improve

1 the ability of the program to achieve its goals. A revision may be  
2 proposed at any time, or may be proposed in response to a finding  
3 made in the annual report on the program published by the state  
4 board pursuant to Section 44295. A proposed revision shall be  
5 made available to the public 45 days before final adoption of the  
6 revision and the commission shall hold at least one public meeting  
7 to consider public comments before final adoption of the revision.

8 (q) This section shall become operative on **January 1, 2015**  
9 **2024.**

10 SEC. 23. Section 44299.1 of the Health and Safety Code, as  
11 amended by Section 3 of Chapter 627 of the Statutes of 2006, is  
12 amended to read:

13 44299.1. (a) To ensure that emission reductions are obtained  
14 as needed from pollution sources, any money deposited in or  
15 appropriated to the fund shall be segregated and administered as  
16 follows:

17 (1) Not more than 2 percent of the moneys in the fund shall be  
18 allocated to program support and outreach costs incurred by the  
19 state board and the commission directly associated with  
20 implementing the program pursuant to this chapter. These funds  
21 shall be allocated to the state board and the commission in  
22 proportion to total program funds administered by the state board  
23 and the commission.

24 (2) Not more than 2 percent of the moneys in the fund shall be  
25 allocated to direct program outreach activities. The state board  
26 may use these funds for program outreach contracts or may allocate  
27 outreach funds to participating air districts in proportion to each  
28 district's allocation from the Covered Vehicle Account. The state  
29 board shall report on the use of outreach funds in their reports to  
30 the Legislature pursuant to Section 44295.

31 (3) The balance shall be deposited in the Covered Vehicle  
32 Account to be expended to offset added costs of new very low or  
33 zero-emission vehicle technologies, and emission reducing  
34 repowers, retrofits, and add-on equipment for covered vehicles  
35 and engines, and other projects specified in Section 44281.

36 (b) Funds in the Covered Vehicle Account shall be allocated to  
37 a district that submits an eligible application to the state board  
38 pursuant to Section 44287. The state board shall determine the  
39 maximum amount of annual funding from the Covered Vehicle  
40 Account that each district may receive. This determination shall

1 be based on the population in each district as well as the relative  
2 importance of obtaining covered emission reductions in each  
3 district, specifically through the program.

4 (c) Not more than 5 percent of the moneys allocated pursuant  
5 to this chapter to a district with a population of one million or more  
6 may be used by the district for indirect costs of implementation of  
7 the program, including outreach costs that are subject to the  
8 limitation in paragraph (2) of subdivision (a).

9 (d) Not more than 10 percent of the moneys allocated pursuant  
10 to this chapter to a district with a population of less than one  
11 million may be used by the district for indirect costs of  
12 implementation of the program, including outreach costs that are  
13 subject to the limitation in paragraph (2) of subdivision (a).

14 (e) This section shall remain in effect only until January 1, 2015  
15 2024, and as of that date is repealed, unless a later enacted statute,  
16 that is enacted before January 1, 2015 2024, deletes or extends  
17 that date.

18 SEC. 24. Section 44299.1 of the Health and Safety Code, as  
19 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is  
20 amended to read:

21 44299.1. (a) To ensure that emission reductions are obtained  
22 as needed from pollution sources, any money deposited in or  
23 appropriated to the fund shall be segregated and administered as  
24 follows:

25 (1) Ten percent, not to exceed two million dollars (\$2,000,000),  
26 shall be allocated to the Infrastructure Demonstration Project to  
27 be used pursuant to Section 44284.

28 (2) Ten percent shall be deposited in the Advanced Technology  
29 Account to be used to support research, development,  
30 demonstration, and commercialization of advanced low-emission  
31 technologies for covered sources that show promise of contributing  
32 to the goals of the program.

33 (3) Not more than 2 percent of the moneys in the fund shall be  
34 allocated to program support and outreach costs incurred by the  
35 state board and the commission directly associated with  
36 implementing the program pursuant to this chapter. These funds  
37 shall be allocated to the state board and the commission in  
38 proportion to total program funds administered by the state board  
39 and the commission.

(4) Not more than 2 percent of the moneys in the fund shall be allocated to direct program outreach activities. The state board may use these funds for program outreach contracts or may allocate outreach funds to participating air districts in proportion to each district's allocation from the Covered Vehicle Account. The state board shall report on the use of outreach funds in their reports to the Legislature pursuant to Section 44295.

(5) The balance shall be deposited in the Covered Vehicle Account to be expended to offset added costs of new very low or zero-emission vehicle technologies, and emission reducing repowers, retrofits, and add-on equipment for covered vehicles and engines.

(b) Funds in the Covered Vehicle Account shall be allocated to a district that submits an eligible application to the state board pursuant to Section 44287. The state board shall determine the maximum amount of annual funding from the Covered Vehicle Account that each district may receive. This determination shall be based on the population in each district as well as the relative importance of obtaining NO<sub>x</sub> reductions in each district, specifically through the program.

(c) This section shall become operative on **January 1, 2024.**

SEC. 25. Section 44299.2 of the Health and Safety Code is amended to read:

44299.2. Funds shall be allocated to local air pollution control and air quality management districts, and shall be subject to administrative terms and conditions as follows:

(a) Available funds shall be distributed to districts taking into consideration the population of the area, the severity of the air quality problems experienced by the population, and the historical allocation of the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, except that the south coast district shall be allocated a percentage of the total funds available to districts that is proportional to the percentage of the total state population residing within the jurisdictional boundaries of that district. For the purposes of this subdivision, population shall be determined by the state board based on the most recent data provided by the Department of Finance. The allocation to the south coast district shall be subtracted from the total funds available to districts. Each district, except the south coast district, shall be awarded a minimum

1 allocation of two hundred thousand dollars (\$200,000), and the  
2 remainder, which shall be known as the “allocation amount,” shall  
3 be allocated to all districts as follows:

4 (1) The state board shall distribute 35 percent of the allocation  
5 amount to the districts in proportion to the percentage of the total  
6 residual state population that resides within each district’s  
7 boundaries. For purposes of this paragraph, “total residual state  
8 population” means the total state population, less the total  
9 population that resides within the south coast district.

10 (2) The state board shall distribute 35 percent of the allocation  
11 amount to the districts in proportion to the severity of the air quality  
12 problems to which each district’s population is exposed. The  
13 severity of the exposure shall be calculated as follows:

14 (A) Each district shall be awarded severity points based on the  
15 district’s attainment designation and classification, as most recently  
16 promulgated by the federal Environmental Protection Agency for  
17 the National Ambient Air Quality Standard for ozone averaged  
18 over eight hours, as follows:

19 (i) A district that is designated attainment for the federal  
20 eight-hour ozone standard shall be awarded one point.

21 (ii) A district that is designated nonattainment for the federal  
22 eight-hour ozone standard shall be awarded severity points based  
23 on classification. Two points shall be awarded for transitional,  
24 basic, or marginal classifications, three points for moderate  
25 classification, four points for serious classification, five points for  
26 severe classification, six points for severe-17 classification, and  
27 seven points for extreme classification.

28 (B) Each district shall be awarded severity points based on the  
29 annual diesel particulate emissions in the air basin, as determined  
30 by the state board. One point shall be awarded to the district, in  
31 increments, for each 1,000 tons of diesel particulate emissions. In  
32 making this determination, 0 to 999 tons shall be awarded no  
33 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to  
34 2,999 tons shall be awarded two points, and so forth. If a district  
35 encompasses more than one air basin, the air basin with the greatest  
36 diesel particulate emissions shall be used to determine the points  
37 awarded to the district. The San Diego County Air Pollution  
38 Control District and the Imperial County Air Pollution Control  
39 District shall be awarded one additional point each to account for  
40 annual diesel particulate emissions transported from Mexico.

1 (C) The points awarded under subparagraphs (A) and (B), shall  
2 be added together for each district, and the total shall be multiplied  
3 by the population residing within the district boundaries, to yield  
4 the local air quality exposure index.

5 (D) The local air quality exposure index for each district shall  
6 be summed together to yield a total state exposure index. Funds  
7 shall be allocated under this paragraph to each district in proportion  
8 to its local air quality exposure index divided by the total state  
9 exposure index.

10 (3) The state board shall distribute 30 percent of the allocation  
11 amount to the districts in proportion to the allocation of funds from  
12 the Carl Moyer Memorial Air Quality Standards Attainment Trust  
13 Fund, as follows:

14 (A) Because each district is awarded a minimum allocation  
15 pursuant to subdivision (a), there shall be no additional minimum  
16 allocation from the Carl Moyer historical allocation funds. The  
17 total amount allocated in this way shall be subtracted from total  
18 funding previously awarded to the district under the Carl Moyer  
19 Memorial Air Quality Standards Attainment Program, and the  
20 remainder, which shall be known as directed funds, shall be  
21 allocated pursuant to subparagraph (B).

22 (B) Each district with a population that is greater than or equal  
23 to 1 percent of the state's population shall receive an additional  
24 allocation based on the population of the district and the district's  
25 relative share of emission reduction commitments in the State  
26 Implementation Plan to attain the National Ambient Air Quality  
27 Standard for ozone averaged over one hour. This additional  
28 allocation shall be calculated as a percentage share of the directed  
29 funds for each district, derived using a ratio of each district's share  
30 amount to the base amount, which shall be calculated as follows:

31 (i) The base amount shall be the total Carl Moyer program funds  
32 allocated by the state board to the districts in the 2002–03 fiscal  
33 year, less the total of the funds allocated through the minimum  
34 allocation to each district in the 2002–03 fiscal year.

35 (ii) The share amount shall be the allocation that each district  
36 received in the 2002–03 fiscal year, not including the minimum  
37 allocation. There shall be one share amount for each district.

38 (iii) The percentage share shall be calculated for each district  
39 by dividing the district's share amount by the base amount, and

1 multiplying the result by the total directed funds available under  
2 this subparagraph.

3 (b) Funds shall be distributed as expeditiously as reasonably  
4 practicable, and a report of the distribution shall be made available  
5 to the public.

6 (c) All funds allocated pursuant to this section shall be expended  
7 as provided in the guidelines adopted pursuant to Section 44287  
8 within two years from the date of allocation. Funds not expended  
9 within the two years shall be returned to the Covered Vehicle  
10 Account within 60 days and shall be subject to further allocation  
11 as follows:

12 (1) Within 30 days of the deadline to return funds, the state  
13 board shall notify the districts of the total amount of returned funds  
14 available for reallocation, and shall list those districts that request  
15 supplemental funds from the reallocation and that are able to  
16 expend those funds within one year.

17 (2) Within 90 days of the deadline to return funds, the state  
18 board shall allocate the returned funds to the districts listed  
19 pursuant to paragraph (1).

20 (3) All supplemental funds distributed under this subdivision  
21 shall be expended consistent with the Carl Moyer Air Quality  
22 Standards Attainment Program within one year of the date of  
23 supplemental allocation. Funds not expended within one year shall  
24 be returned to the Covered Vehicle Account and shall be distributed  
25 at the discretion of the state board to districts, taking into  
26 consideration of each district's ability to expeditiously utilize the  
27 remaining funds consistent with the Carl Moyer Air Quality  
28 Standards Attainment Program.

29 (d) This section shall remain in effect only until January 1, 2015  
30 2024, and as of that date is repealed, unless a later enacted statute,  
31 that is enacted before January 1, 2015 2024, deletes or extends  
32 that date.

33 SEC. 26. Section 42885 of the Public Resources Code, as  
34 amended by Section 55 of Chapter 77 of the Statutes of 2006, is  
35 amended to read:

36 42885. (a) For purposes of this section, "California tire fee"  
37 means the fee imposed pursuant to this section.

38 (b) (1) ~~Before January 1, 2015,~~ a person who purchases a  
39 new tire, as defined in subdivision (g), shall pay a California tire  
40 fee of one dollar and seventy-five cents (\$1.75) per tire.

1 (2) *On and after January 1, 2015, a person who purchases a*  
2 *new tire, as defined in subdivision (g), shall pay a California tire*  
3 *fee of one dollar and fifty cents (\$1.50) per tire.*

4 ~~(2)~~

5 (3) The retail seller shall charge the retail purchaser the amount  
6 of the California tire fee as a charge that is separate from, and not  
7 included in, any other fee, charge, or other amount paid by the  
8 retail purchaser.

9 ~~(3)~~

10 (4) The retail seller shall collect the California tire fee from the  
11 retail purchaser at the time of sale and may retain 1 ½ percent of  
12 the fee as reimbursement for any costs associated with the  
13 collection of the fee. The retail seller shall remit the remainder to  
14 the state on a quarterly schedule for deposit in the California Tire  
15 Recycling Management Fund, which is hereby created in the State  
16 Treasury.

17 (c) The board, or its agent authorized pursuant to Section 42882,  
18 shall be reimbursed for its costs of collection, auditing, and making  
19 refunds associated with the California Tire Recycling Management  
20 Fund, but not to exceed 3 percent of the total annual revenue  
21 deposited in the fund.

22 (d) The California tire fee imposed pursuant to subdivision (b)  
23 shall be separately stated by the retail seller on the invoice given  
24 to the customer at the time of sale. Any other disposal or  
25 transaction fee charged by the retail seller related to the tire  
26 purchase shall be identified separately from the California tire fee.

27 (e) A person or business who knowingly, or with reckless  
28 disregard, makes a false statement or representation in a document  
29 used to comply with this section is liable for a civil penalty for  
30 each violation or, for continuing violations, for each day that the  
31 violation continues. Liability under this section may be imposed  
32 in a civil action and shall not exceed twenty-five thousand dollars  
33 (\$25,000) for each violation.

34 (f) In addition to the civil penalty that may be imposed pursuant  
35 to subdivision (e), the board may impose an administrative penalty  
36 in an amount not to exceed five thousand dollars (\$5,000) for each  
37 violation of a separate provision or, for continuing violations, for  
38 each day that the violation continues, on a person who intentionally  
39 or negligently violates a permit, rule, regulation, standard, or  
40 requirement issued or adopted pursuant to this chapter. The board

1 shall adopt regulations that specify the amount of the administrative  
2 penalty and the procedure for imposing an administrative penalty  
3 pursuant to this subdivision.

4 (g) For purposes of this section, “new tire” means a pneumatic  
5 or solid tire intended for use with on-road or off-road motor  
6 vehicles, motorized equipment, construction equipment, or farm  
7 equipment that is sold separately from the motorized equipment,  
8 or a new tire sold with a new or used motor vehicle, as defined in  
9 Section 42803.5, including the spare tire, construction equipment,  
10 or farm equipment. “New tire” does not include retreaded, reused,  
11 or recycled tires.

12 (h) The California tire fee shall not be imposed on a tire sold  
13 with, or sold separately for use on, any of the following:

14 (1) A self-propelled wheelchair.

15 (2) A motorized tricycle or motorized quadricycle, as defined  
16 in Section 407 of the Vehicle Code.

17 (3) A vehicle that is similar to a motorized tricycle or motorized  
18 quadricycle and is designed to be operated by a person who, by  
19 reason of the person’s physical disability, is otherwise unable to  
20 move about as a pedestrian.

21 (i) This section shall remain in effect only until **January 1, 2015**  
22 **2024**, and as of that date is repealed, unless a later enacted statute,  
23 that is enacted before **January 1, 2015 2024**, deletes or extends  
24 that date.

25 SEC. 27. Section 42885 of the Public Resources Code, as added  
26 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended  
27 to read:

28 42885. (a) For purposes of this section, “California tire fee”  
29 means the fee imposed pursuant to this section.

30 (b) (1) Every person who purchases a new tire, as defined in  
31 subdivision (g), shall pay a California tire fee of seventy-five cents  
32 (\$0.75) per tire.

33 (2) The retail seller shall charge the retail purchaser the amount  
34 of the California tire fee as a charge that is separate from, and not  
35 included in, any other fee, charge, or other amount paid by the  
36 retail purchaser.

37 (3) The retail seller shall collect the California tire fee from the  
38 retail purchaser at the time of sale and may retain 3 percent of the  
39 fee as reimbursement for any costs associated with the collection  
40 of the fee. The retail seller shall remit the remainder to the state

1 on a quarterly schedule for deposit in the California Tire Recycling  
2 Management Fund, which is hereby created in the State Treasury.

3 (c) The board, or its agent authorized pursuant to Section 42882,  
4 shall be reimbursed for its costs of collection, auditing, and making  
5 refunds associated with the California Tire Recycling Management  
6 Fund, but not to exceed 3 percent of the total annual revenue  
7 deposited in the fund.

8 (d) The California tire fee imposed pursuant to subdivision (a)  
9 (b) shall be separately stated by the retail seller on the invoice  
10 given to the customer at the time of sale. Any other disposal or  
11 transaction fee charged by the retail seller related to the tire  
12 purchase shall be identified separately from the California tire fee.

13 (e) Any person or business who knowingly, or with reckless  
14 disregard, makes any false statement or representation in any  
15 document used to comply with this section is liable for a civil  
16 penalty for each violation or, for continuing violations, for each  
17 day that the violation continues. Liability under this section may  
18 be imposed in a civil action and shall not exceed twenty-five  
19 thousand dollars (\$25,000) for each violation.

20 (f) In addition to the civil penalty that may be imposed pursuant  
21 to subdivision (e), the board may impose an administrative penalty  
22 in an amount not to exceed five thousand dollars (\$5,000) for each  
23 violation of a separate provision or, for continuing violations, for  
24 each day that the violation continues, on any person who  
25 intentionally or negligently violates any permit, rule, regulation,  
26 standard, or requirement issued or adopted pursuant to this chapter.  
27 The board shall adopt regulations that specify the amount of the  
28 administrative penalty and the procedure for imposing an  
29 administrative penalty pursuant to this subdivision.

30 (g) For purposes of this section, “new tire” means a pneumatic  
31 or solid tire intended for use with on-road or off-road motor  
32 vehicles, motorized equipment, construction equipment, or farm  
33 equipment that is sold separately from the motorized equipment,  
34 or a new tire sold with a new or used motor vehicle, as defined in  
35 Section 42803.5, including the spare tire, construction equipment,  
36 or farm equipment. “New tire” does not include retreaded, reused,  
37 or recycled tires.

38 (h) The California tire fee may not be imposed on any tire sold  
39 with, or sold separately for use on, any of the following:

- 40 (1) Any self-propelled wheelchair.

1 (2) Any motorized tricycle or motorized quadricycle, as defined  
2 in Section 407 of the Vehicle Code.

3 (3) Any vehicle that is similar to a motorized tricycle or  
4 motorized quadricycle and is designed to be operated by a person  
5 who, by reason of the person's physical disability, is otherwise  
6 unable to move about as a pedestrian.

7 (i) This section shall become operative on January 1, ~~2015~~ 2024.

8 SEC. 28. Section 42889 of the Public Resources Code, as  
9 amended by Section 3 of Chapter 333 of the Statutes of 2009, is  
10 amended to read:

11 42889. (a) Commencing January 1, 2005, of the moneys  
12 collected pursuant to Section 42885, an amount equal to  
13 seventy-five cents (\$0.75) per tire on which the fee is imposed  
14 shall be transferred by the State Board of Equalization to the Air  
15 Pollution Control Fund. The state board shall expend those moneys,  
16 or allocate those moneys to the districts for expenditure, to fund  
17 programs and projects that mitigate or remediate air pollution  
18 caused by tires in the state, to the extent that the state board or the  
19 applicable district determines that the program or project  
20 remediates air pollution harms created by tires upon which the fee  
21 described in Section 42885 is imposed.

22 (b) The remaining moneys collected pursuant to Section 42885  
23 shall be used to fund the waste tire program, and shall be  
24 appropriated to the board in the annual Budget Act in a manner  
25 consistent with the five-year plan adopted and updated by the  
26 board. These moneys shall be expended for the payment of refunds  
27 under this chapter and for the following purposes:

28 (1) To pay the administrative overhead cost of this chapter, not  
29 to exceed 6 percent of the total revenue deposited in the fund  
30 annually, or an amount otherwise specified in the annual Budget  
31 Act.

32 (2) To pay the costs of administration associated with collection,  
33 making refunds, and auditing revenues in the fund, not to exceed  
34 3 percent of the total revenue deposited in the fund, as provided  
35 in subdivision (c) of Section 42885.

36 (3) To pay the costs associated with operating the tire recycling  
37 program specified in Article 3 (commencing with Section 42870).

38 (4) To pay the costs associated with the development and  
39 enforcement of regulations relating to the storage of waste tires  
40 and used tires. The board shall consider designating a city, county,

1 or city and county as the enforcement authority of regulations  
2 relating to the storage of waste tires and used tires, as provided in  
3 subdivision (c) of Section 42850, and regulations relating to the  
4 hauling of waste and used tires, as provided in subdivision (b) of  
5 Section 42963. If the board designates a local entity for that  
6 purpose, the board shall provide sufficient, stable, and  
7 noncompetitive funding to that entity for that purpose, based on  
8 available resources, as provided in the five-year plan adopted and  
9 updated as provided in subdivision (a) of Section 42885.5. The  
10 board may consider and create, as appropriate, financial incentives  
11 for citizens who report the illegal hauling or disposal of waste tires  
12 as a means of enhancing local and statewide waste tire and used  
13 tire enforcement programs.

14 (5) To pay the costs of cleanup, abatement, removal, or other  
15 remedial action related to waste tire stockpiles throughout the state,  
16 including all approved costs incurred by other public agencies  
17 involved in these activities by contract with the board. Not less  
18 than six million five hundred thousand dollars (\$6,500,000) shall  
19 be expended by the board during each of the following fiscal years  
20 for this purpose: 2001–02 to 2006–07, inclusive.

21 (6) To make studies and conduct research directed at promoting  
22 and developing alternatives to the landfill disposal of waste tires.

23 (7) To assist in developing markets and new technologies for  
24 used tires and waste tires. The board's expenditure of funds for  
25 purposes of this subdivision shall reflect the priorities for waste  
26 management practices specified in subdivision (a) of Section  
27 40051.

28 (8) To pay the costs associated with implementing and operating  
29 a waste tire and used tire hauler program and manifest system  
30 pursuant to Chapter 19 (commencing with Section 42950).

31 (9) To pay the costs to create and maintain an emergency  
32 reserve, which shall not exceed one million dollars (\$1,000,000).

33 (10) To pay the costs of cleanup, abatement, or other remedial  
34 action related to the disposal of waste tires in implementing and  
35 operating the Farm and Ranch Solid Waste Cleanup and Abatement  
36 Grant Program established pursuant to Chapter 2.5 (commencing  
37 with Section 48100) of Part 7.

38 (11) To fund border region activities specified in paragraph (8)  
39 of subdivision (b) of Section 42885.5.

1 (c) This section shall remain in effect only until January 1, 2015  
2 2024, and as of that date is repealed, unless a later enacted statute  
3 that is enacted before January 1, 2015 2024, deletes or extends  
4 that date.

5 SEC. 29. Section 42889 of the Public Resources Code, as  
6 amended by Section 4 of Chapter 333 of the Statutes of 2009, is  
7 amended to read:

8 42889. Funding for the waste tire program shall be appropriated  
9 to the board in the annual Budget Act. The moneys in the fund  
10 shall be expended for the payment of refunds under this chapter  
11 and for the following purposes:

12 (a) To pay the administrative overhead cost of this chapter, not  
13 to exceed 5 percent of the total revenue deposited in the fund  
14 annually, or an amount otherwise specified in the annual Budget  
15 Act.

16 (b) To pay the costs of administration associated with collection,  
17 making refunds, and auditing revenues in the fund, not to exceed  
18 3 percent of the total revenue deposited in the fund, as provided  
19 in subdivision (b) of Section 42885.

20 (c) To pay the costs associated with operating the tire recycling  
21 program specified in Article 3 (commencing with Section 42870).

22 (d) To pay the costs associated with the development and  
23 enforcement of regulations relating to the storage of waste tires  
24 and used tires. The board shall consider designating a city, county,  
25 or city and county as the enforcement authority of regulations  
26 relating to the storage of waste tires and used tires, as provided in  
27 subdivision (c) of Section 42850, and regulations relating to the  
28 hauling of waste and used tires, as provided in subdivision (b) of  
29 Section 42963. If the board designates a local entity for that  
30 purpose, the board shall provide sufficient, stable, and  
31 noncompetitive funding to that entity for that purpose, based on  
32 available resources, as provided in the five-year plan adopted and  
33 updated as provided in subdivision (a) of Section 42885.5. The  
34 board may consider and create, as appropriate, financial incentives  
35 for citizens who report the illegal hauling or disposal of waste tires  
36 as a means of enhancing local and statewide waste tire and used  
37 tire enforcement programs.

38 (e) To pay the costs of cleanup, abatement, removal, or other  
39 remedial action related to waste tire stockpiles throughout the state,  
40 including all approved costs incurred by other public agencies

involved in these activities by contract with the board. Not less than six million five hundred thousand dollars (\$6,500,000) shall be expended by the board during each of the following fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

(f) To fund border region activities specified in paragraph (8) of subdivision (b) of Section 42885.5.

(g) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 30. Section 9250.1 of the Vehicle Code is amended to read:

9250.1. (a) Beginning July 1, 2008, the fee described in Section 9250 shall be increased by three dollars (\$3).

(b) Two dollars (\$2) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code, and one dollar (\$1) shall be deposited into the Enhanced Fleet Modernization Subaccount created by Section 44126 of the Health and Safety Code.

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2016~~ 2024, deletes or extends that date.

SEC. 31. Section 9250.2 of the Vehicle Code, as amended by Section 15 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section 41081 of the Health and Safety Code, shall impose and collect a surcharge on the registration fees for every motor vehicle registered in that district, not to exceed the amount of six dollars (\$6), as specified by the governing body of that district.

(b) This section shall remain in effect only until January 1, ~~2015~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2015~~ 2024, deletes or extends that date.

SEC. 32. Section 9250.2 of the Vehicle Code, as added by Section 15.5 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section

1 41081 of the Health and Safety Code, shall impose and collect a  
2 surcharge on the registration fees for every motor vehicle registered  
3 in that district, not to exceed either of the following amounts,  
4 whichever is applicable, as specified by the governing body of that  
5 district:

6 (1) For each motor vehicle registered in that district whose  
7 registration expires on or after December 31, 1989, and prior to  
8 December 31, 1990, two dollars (\$2).

9 (2) For each motor vehicle registered in that district whose  
10 registration expires on or after December 31, 1990, not to exceed  
11 four dollars (\$4).

12 (b) This section shall become operative on **January 1, 2015**  
13 **2024**.

14 SEC. 33. Section 9261.1 of the Vehicle Code is amended to  
15 read:

16 9261.1. (a) Beginning July 1, 2008, the fee described in Section  
17 9261, as adjusted pursuant to Section 1678, shall be increased by  
18 five dollars (\$5).

19 (b) Two dollars and fifty cents (\$2.50) of the increase shall be  
20 deposited into the Alternative and Renewable Fuel and Vehicle  
21 Technology Fund created by Section 44273 of the Health and  
22 Safety Code, and two dollars and fifty cents (\$2.50) shall be  
23 deposited into the Air Quality Improvement Fund created by  
24 Section 44274.5 of the Health and Safety Code.

25 (c) This section shall remain in effect only until **January 1, 2016**  
26 **2024**, and as of that date is repealed, unless a later enacted statute,  
27 that is enacted before **January 1, 2016 2024**, deletes or extends  
28 that date.

29 SEC. 34. Section 9853.6 of the Vehicle Code is amended to  
30 read:

31 9853.6. (a) (1) Beginning July 1, 2008, the fee described in  
32 paragraph (1) of subdivision (b) of Section 9853 shall be increased  
33 by ten dollars (\$10).

34 (2) Five dollars (\$5) of the increase shall be deposited into the  
35 Alternative and Renewable Fuel and Vehicle Technology Fund  
36 created by Section 44273 of the Health and Safety Code and five  
37 dollars (\$5) shall be deposited into the Air Quality Improvement  
38 Fund created by Section 44274.5 of the Health and Safety Code.

(b) (1) Beginning July 1, 2008, the fee described in paragraph (2) of subdivision (b) of Section 9853 shall be increased by twenty dollars (\$20).

(2) Ten dollars (\$10) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and Safety Code and ten dollars (\$10) shall be deposited into the Air Quality Improvement Fund created by Section 44274.5 of the Health and Safety Code.

(c) This section shall remain in effect only until January 1, 2016 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016 2024, deletes or extends that date.

SEC. 35. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To ensure stable funding for programs to reduce air pollution for the protection of the public health and safety, it is necessary for this measure to take effect immediately.

**CORRECTIONS:**

**Heading—Authors—Lines 1 and 3.**

**Text—Pages 11, 16, and 15.**

## **Attachment 3a**



# **South Coast Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765

## **AQMD's State Legislative Goals & Objectives for 2013**

### ***Air Quality Funding***

Work to extend the January 2015 sunset date on AB 923 for Carl Moyer program funding and the January 2016 sunset date on AB 118 funding. Work with CARB, CAPCOA, other stakeholders, and the Legislature to develop criteria for program flexibility.

Also, work with the Legislature and CARB to maximize funding opportunities for advanced clean technologies, incentive programs, and other clean air programs that reduce air pollution and improve public health, including:

- Clean energy and clean fuels research and development;
- Implementation of the Clean Communities Plan;
- Zero emissions and near zero emission technologies, especially for freight movement, and;
- Environmental Justice initiatives.

### ***Surface Transportation & Goods Movement***

Support and expand air quality policy and funding considerations and the role of air districts in the implementation of state and federal surface transportation and goods movement policies and programs, including those relating to MAP-21.

### ***AQMD Authority /Funding /Policy Implementation***

Protect AQMD's authority and funding to ensure its implementation of the Board's clean air policies and programs, as required by state and federal law, including the 2007 and 2012 AQMPs.

### ***Mobile Sources***

Support legislative and/or regulatory actions that reduce mobile source emissions within the South Coast region, as needed, to attain clean air standards by statutory deadlines.

### ***CEQA***

Ensure the air quality protections afforded by CEQA are not undermined by streamlining and other reform efforts.

### ***Offsets***

Monitor and engage in policy efforts related to New Source Review emission offset requirements for stationary sources, as necessary, while furthering the pursuit of clean air objectives.

***Energy***

Support legislation that advances the Board's Energy Policy which promotes reliable, cost effective and clean energy for all consumers in the basin facilitating attainment of clean air standards and support for a healthy economy.

***Environmental Justice***

Support Environmental Justice policy initiatives that reduce toxic emissions and localized health risks; encourage development of clean air technologies that directly benefit disproportionately impacted communities; and support community participation in decision-making processes.



# South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765

## **AQMD's Federal Legislative Goals & Objectives for 2013**

### ***Technology Advancement***

Expand current and seek additional funding opportunities, through legislative or administrative processes, budget considerations, and stimulus funding, for advanced technologies and clean air research, development, demonstration and deployment programs, including those related to:

- Zero and near-zero emission technologies;
- Clean energy sources;
- Implementation of the 2007 Air Quality Management Plan (AQMP) and 2012 AQMP;
- Implementation of the Clean Communities Plan;
- Support of environmental justice initiatives; and
- Clean vehicles (such as light-, medium- and heavy-duty vehicles, locomotives, marine vessels, and aircraft technologies), clean fuels and refueling technologies and infrastructure.

### ***Surface Transportation***

Work with Congress, the White House, federal, state and local agencies, business, environmental and community groups, and other stakeholders to:

- Monitor and engage as necessary with implementation issues relating to MAP-21 at the federal level.
- Protect and/or expand clean air funding opportunities under federal surface transportation legislation (including the Moving Ahead for Progress in the 21st Century Act (MAP-21) and MAP-21 successor legislation) and other legislation for energy, water, commerce, goods movement, and related areas;
- Enhance the provisions of the successor legislation to MAP-21 to promote clean air and economic growth, particularly with respect to transportation, goods movement and energy issues; and provide for a greater role for air agencies in transportation planning and programming, consistent with Board policy;

### ***Marine Vessels***

- Seek protection of current federal and international controls on marine vessel emissions, including those relating to the North American Emission Control Area established by the International Maritime Organization.

- Pursue legislative and/or administrative processes to reduce marine vessel emissions, through regulatory and/or incentive based policies, in order to facilitate attainment of federal clean air standards within the South Coast region by statutory deadlines.

### ***Locomotives***

Pursue legislative and/or administrative processes to reduce locomotive emissions, through regulatory and/or incentive based policies, in order to facilitate attainment of federal clean air standards within the South Coast region by statutory deadlines.

### ***Reduction of Toxic Emissions***

Work with congressional and federal agency staff, including the U.S. Departments of Energy, Transportation, Defense and the Environmental Protection Agency (EPA), to protect and/or expand funding under the Diesel Emission Reduction Act (DERA) and other programs; and pursue other legislative or administrative provisions to reduce toxic emissions within the South Coast region.

### ***Clean Air Act***

Protect AQMD's authorities and under the federal Clean Air Act (CAA) and extend or enhance AQMD's subvention funding under CAA Sections 103 and 105.

### ***National Ambient Air Quality Standards***

Support policies that protect science-driven and health based selection of national ambient air quality standards.

### ***AQMP***

Support legislation to ensure implementation of the 2007 AQMP and the 2012 AQMP, as needed.

### ***Climate Change***

Seek to influence federal climate change initiatives and facilitate their implementation at local levels, consistent with the Board's policy adopted in September 2008, and with the legislative principles relating to climate change adopted by the Board in 2009.

### ***New Source Review Offsets***

Work with congressional and federal agency staff and other stakeholders to modernize federal New Source Review offset requirements for areas where the supply of offsets is inadequate, while furthering the pursuit of clean air objectives.

### ***Environmental Justice***

Support legislation to promote environmental justice initiatives, to reduce localized health risks, to develop clean air technology that directly benefits disproportionately impacted communities, and to enhance community participation in decision-making.

## Attachment 4

### Final Status of 2012 Bills with an AQMD Position

#### [AB 128](#)

**(Logue R) State Air Resources Board: alternative actions to assessing penalties.**

**Status:** 1/13/2012-Failed Deadline pursuant to Rule 61(b)(1)<sup>1</sup>.

**AQMD Position:** OPPOSE

**Location:** 1/13/2012-A. DEAD

**Summary:** Would authorize the State Air Resources Board, in lieu of assessing penalties for a violation of an air pollution control law administered by the state board, to require a person who has violated that law to spend an amount equivalent to the amount that would have been assessed for the violation toward actions to comply with the air pollution control law that was violated or toward a supplemental environmental project, as defined.

#### [AB 441](#)

**(Monning D) Transportation planning.**

**Last Amend:** 6/4/2012

**Status:** 9/19/2012-Chaptered by the Secretary of State, Chapter Number 365, Statutes of 2012

**AQMD Position:** SUPPORT

**Location:** 9/19/2012-A. CHAPTERED

**Summary:** Would require the commission to attach a summary of the policies, practices, or projects that have been employed by metropolitan planning organizations that promote health and health equity to the commission's next revision of specified regional transportation planning guidelines.

#### [AB 591](#)

**(Wieckowski D) Oil and gas production: hydraulic fracturing.**

**Last Amend:** 5/9/2012

**Status:** 8/17/2012-Failed Deadline pursuant to Rule 61(b)(14)<sup>2</sup>. (Last location was S. APPR. on 8/16/2012)

**AQMD Position:** SUPPORT

**Location:** 8/17/2012-S. DEAD

**Summary:** Would define "hydraulic fracturing" and require a person carrying out hydraulic fracturing on behalf of an owner or operator at a well to provide to the owner or operator a list of the chemical constituents used in the hydraulic fracturing fluid and the amount of water and hydraulic fracturing fluid recovered from the well. The bill would additionally require the history of the drilling of the well to include certain information regarding the amount and source of water used in the exploration or production from the well and the radiological components or tracers injected into the well. The bill would also require the history to include, if hydraulic fracturing was used at the well, a complete list of the chemicals used in the hydraulic fracturing and the amount and disposition of water and hydraulic fracturing fluid recovered from the well. This bill contains other related provisions.

#### [AB 638](#)

**(Skinner D) Fuel resources: State Energy Resources Conservation and Development Commission and State Air Resources Board.**

**Last Amend:** 4/13/2011

**Status:** 1/20/2012-Failed Deadline pursuant to Rule 61(b)(2)<sup>3</sup>.

**AQMD Position:** SUPPORT

**Location:** 1/20/2012-A. DEAD

**Summary:** Would require the State Energy Resources Conservation and Development Commission and the State Air Resources Board to, among other things, adopt policies and regulations to attain the fuel consumption targets set forth in state plan to increase the use of alternative transportation fuels, coordinate the attainment of the targets with provisions regulating alternative fuels, and assess how future guidelines, regulations, and investments affect the attainment of the fuel consumption targets. The bill would require the commission and the board, on or before January 1, 2013, in consultation with other state and local agencies the commission and the board deem necessary, to update a specified economic analysis, develop a strategy for petroleum fuel use reduction and alternative fuel use in specified vehicles, and identify regulatory and statutory barriers to attaining the petroleum fuel consumption targets. The bill would require the commission and the board, commencing January 1, 2014, and triennially thereafter until January 1, 2024, to report to the

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<sup>1</sup> Joint Rule 61(b)(1) of the Senate and Assembly: January 13 is the last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house in the [preceding] odd-numbered year.

<sup>2</sup> Joint Rule 61(b)(14) of the Senate and Assembly: August 17 is the last day for fiscal committees to meet and report bills.

<sup>3</sup> Joint Rule 61(b)(2) of the Senate and Assembly: January 20 is the last day for any committee to hear and report to the floor bills introduced in that house in the [preceding] odd-numbered year.

Legislature on progress in reaching the fuel consumption targets.

- [AB 864](#)     **([Huffman](#) D) Electricity: self-generation incentive program.**  
**Last Amend:** 4/28/2011  
**Status:** 8/17/2012-Failed Deadline pursuant to Rule 61(b)(14). (Last location was S. 2 YEAR on 8/26/2011)  
**AQMD Position:** SUPPORT                      **Location:** 8/17/2012-S. DEAD  
**Summary:** Would require that distributed energy resources with a nameplate generating capacity of up to 10 megawatts are eligible for incentives, but would limit the award of incentives to not more than 5 megawatts of that capacity. The bill would limit incentives being made available for distributed energy resources with a nameplate generating capacity above 3 megawatts to those technologies that meet cost-effectiveness rules established by the commission. The bill would require that incentives made available for distributed energy resources with a nameplate generating capacity greater than 3 megawatts be based on a declining schedule determined by the commission. This bill contains other related provisions and other current laws.
- [AB 880](#)     **([Nestande](#) R) Ecological reserves: Mirage Trail.**  
**[Formerly, AB 880 (V.M Perez) Environmental Quality: CEQA: expedited environmental review]**  
**Last Amend:** 8/6/2012  
**Status:** 9/25/2012-Chaptered by Secretary of State - Chapter 527, Statutes of 2012.  
**AQMD Position:** SUPPORT                      **Location:** 9/25/2012- A. CHAPTERED  
**Summary:** AQMD position is relative to a former version of the Bill which expanded permissible "focused" EIRs under CEQA.
- [AB 904](#)     **([Skinner](#) D) Local government: parking spaces: minimum requirements.**  
**[Formerly, AB 904 (Skinner) Energy: efficiency]**  
**Last Amend:** 7/5/2012  
**Status:** 7/6/2012-Failed Deadline pursuant to Rule 61(b)(13)<sup>4</sup>. (Last location was S. G. & F. on 7/5/2012)  
**AQMD Position:** SUPPORT                      **Location:** 7/6/2012-S. DEAD  
**Summary:** AQMD position on prior version of the bill which would have required the Public Utilities Commission (PUC), to evaluate reasonable alternatives for financing residential energy efficiency retrofits, including efficiency-improvements of heating, ventilation, and air-conditioning. This bill would have required the PUC to consult and coordinate with the Energy Commission complying with those requirements.
- [AB 1095](#)     **([Buchanan](#) D) Sacramento-San Joaquin Delta Reform Act of 2009: covered actions.**  
**[Formerly, AB 1095 (Berryhill) Air Pollution: hearing board: State Air Resources Board]**  
**Last Amend:** 6/27/2012  
**Status:** 7/6/2012-Failed Deadline pursuant to Rule 61(b)(13). (Last location was S. N.R. & W. on 6/27/2012)  
**AQMD Position:** SUPPORT IF AMENDED                      **Location:** 7/6/2012-S. DEAD  
**Summary:** AQMD position relative to former version of the bill which required a hearing board within the Air Resources Board (ARB) based on existing statutory requirements for air district hearing boards, to the extent those provisions can be made applicable.  
  
**Amendments:** AQMD staff worked with CAPCOA to draft proposed amendments to the bill which clarify that: 1) if a new hearing board is created at CARB to grant variances and permit appeals regarding AB 32 requirements, it should be done so as not to interfere with or supervise local hearing board authority over locally-adopted or implemented rules even if such rules implement the requirements of AB 32; 2) the new hearing board should not have any authority over the content of CARB rules. Author accepted our amendments, but bill subsequently gutted and amended.
- [AB 1099](#)     **([Lowenthal, Bonnie](#) D) Vehicles: motor carriers: inspection of terminals program.**

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<sup>4</sup> Joint Rule 61(b)(13) of the Senate and Assembly: July 6 is the last day for policy committees to meet and report bills.

***[Formerly, AB 1099 (Lowenthal) Commercial vehicles: vehicle emission standards]***

**Last Amend:** 5/10/2012

**Status:** 8/17/2012-Failed Deadline pursuant to Rule 61(b)(14). (Last location was S. T. & H. on 5/10/2012)

**AQMD Position:** SUPPORT      **Location:** 8/17/2012-S. DEAD

**Summary:** Position relative to prior version of bill directing the Department of Motor Vehicles to refuse registration to pre-1996 vehicles weighing over 26,000 pounds.

**AB 1302**      **(Williams D) Distributed generation.**

**Last Amend:** 5/27/2011

**Status:** 7/6/2012-Failed Deadline pursuant to Rule 61(b)(13). (Last location was S. 2 YEAR on 7/8/2011)

**AQMD Position:** SUPPORT      **Location:** 7/6/2012-S. DEAD

**Summary:** Would require each large electrical corporation, as defined, and large local publicly owned electric utility, as defined, to provide maps and other information identifying and designating zones within their respective service territories that are optimal for deployment of distributed generation, as provided. The bill would require the PUC and large local publicly owned electric utilities to develop rules for the implementation of this requirement, as provided. By imposing requirements on local publicly owned electric utilities that are not imposed on electrical corporations, the bill would impose a state-mandated local program. The bill would require priority to be given for distributed generation projects proposed to be located within a zone designated pursuant to these provisions. This bill contains other related provisions and other current laws.

**AB 1532**      **(John A. Pérez D) California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.**

**Last Amend:** 8/31/2012

**Status:** 9/30/2012-Chaptered by the Secretary of State, Chapter Number 807, Statutes of 2012

**AQMD Position:** SUPPORT WITH AMENDMENTS      **Location:** 9/30/2012-A. CHAPTERED

**Summary:** Creates the Greenhouse Gas Reduction Fund Investment Plan and Communities Revitalization Act (the Act) to set procedures for the investment of regulatory fee revenues derived from the auction of greenhouse gas (GHG) allowances pursuant to the cap and trade program adopted by the Air Resources Board (ARB) under the California Global Warming Solutions Act of 2006.

**Amendments requested:** AQMD recommends that the bill be amended to allow it to enhance priority for projects with co-benefits that reduce criteria pollutant emissions in nonattainment areas, including the South Coast region. Amendments in the final version of the bill include the requirement that moneys from the Greenhouse Gas Reduction Fund be used, where applicable and to the extent feasible, to complement efforts to improve air quality.

**AB 1570**      **(Perea D) Environmental quality: California Environmental Quality Act: record of proceedings.**

**Last Amend:** 8/24/2012

**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17)<sup>5</sup>. (Last location was S. RLS. on 8/27/2012)

**AQMD Position:** OPPOSE UNLESS AMENDED      **Location:** 9/1/2012-S. DEAD

**Summary:** Provides procedures for a lead agency to prepare and certify the record of proceedings concurrently with the administrative process for environmental documents, and to promptly post all documents on the Internet. The procedures apply upon the request of the project applicant and consent of the lead agency, provided the project applicant agrees to pay the lead agency's costs of preparation.

**Amendments Requested:** First, the bill should be amended to refer to "draft" environmental documents. Second, in regards to the timing requirements, given that public comments are frequently voluminous, in awkward formats or require special handling, including redaction, for confidential information, the time allowed for an agency to comply should be extended from 5 to 10 days. Third, the bill should be amended to

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<sup>5</sup> Joint Rule 61(b)(17) of the Senate and Assembly: August 31 is the last day for each house to pass bills.

avoid invalidations based on mere technicalities. After discussion with the Author, the bill was amended to refer to “draft” environmental documents and to exclude information pertaining to trade secrets.

**[AB 1613](#)**    **([Donnelly R](#)) Department of Motor vehicles: motor vehicle inspection and maintenance program.**  
**Last Amend:** 3/28/2012  
**Status:** 4/27/2012-Failed Deadline pursuant to Rule 61(b)(5)<sup>6</sup>. (Last location was A. TRANS. on 4/24/2012)  
**AQMD Position:** OPPOSE                      **Location:** 4/27/2012-A. DEAD  
**Summary:** Would delete the requirement that the DMV require a certificate of compliance or a certificate of noncompliance with respect to smog certification upon any transfer of ownership and registration of a motor vehicle.

**[AB 1704](#)**    **([Huffman D](#)) Hazardous waste: coal tar.**  
**Status:** 5/25/2012-Failed Deadline pursuant to Rule 61(b)(8). (Last location was A. APPR. SUSPENSE FILE on 5/9/2012)  
**AQMD Position:** SUPPORT                      **Location:** 5/25/2012-A. DEAD  
**Summary:** Current law prohibits the management of hazardous waste except in accordance with the hazardous waste control laws. A violation of the hazardous waste control laws is a crime. This bill would prohibit a person from selling, offering for sale, or offering for promotional purposes in this state a coal tar pavement product, as defined. The bill would also prohibit, after July 1, 2013, a person from applying a coal tar pavement product on driveways, parking areas, airport runways, and playgrounds. This bill contains other related provisions and other current laws.

**[AB 1721](#)**    **([Donnelly R](#)) Air pollution: violations.**  
**Last Amend:** 4/9/2012  
**Status:** 4/27/2012-Failed Deadline pursuant to Rule 61(b)(5). (Last location was A. NAT. RES. on 4/16/2012)  
**AQMD Position:** OPPOSE                      **Location:** 4/27/2012-A. DEAD  
**Summary:** Current law establishes the State Air Resources Board as the state agency with primary jurisdiction over the regulation of air pollution. This bill, commencing January 1, 2013, would require the state board, an air pollution control district, or an air quality management district, as specified, except for violations causing actual injury, as defined, to issue a warning for the first violation of any rule, regulation, permit, or order of the state board or of a district, as specified, whether for a civil, administrative, or criminal penalty. The bill, for administrative penalties, would require the state board, except for violations causing actual injury, as defined, to issue a warning for the first violation of any regulation of the state. The bill would prohibit the state board or a district, as specified, from issuing a second violation sooner than 60 days following the issuance of the first violation. By adding to the duties of air pollution control and air quality management districts, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**[AB 1900](#)**    **([Gatto D](#)) Renewable energy resources: biomethane.**  
**Last Amend:** 8/31/2012  
**Status:** 9/27/2012-Chaptered by the Secretary of State, Chapter Number 602, Statutes of 2012  
**AQMD Position:** SUPPORT                      **Location:** 9/27/2012-A. CHAPTERED  
**Summary:** Would require OEHHA, in consultation with the State Air Resources Board, the Department of Toxic Substances Control, the Department of Resources Recycling and Recovery, and the California Environmental Protection Agency, to compile a list of constituents of concern that could pose risks to human health and that are found in biogas, as defined, at concentrations that significantly exceed the concentrations of those constituents in natural gas. The bill would require OEHHA to determine the health protective levels for that list, as specified, and would require the state board to identify realistic exposure scenarios and the health risks associated with those scenarios, as specified. The bill would require the state

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<sup>6</sup> Joint Rule 61(b)(5) of the Senate and Assembly: April 27 is the last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house.

board to determine the appropriate concentrations of those constituents, as specified. The bill would also provide that actions taken pursuant to the above-described requirements do not constitute regulations and are exempt from the Administrative Procedure Act. This bill contains other related provisions and other current laws.

**AB 1910**     **(Ma D) Portable internal combustion engines: registration program.**

**Last Amend:** 4/16/2012

**Status:** 4/27/2012-Failed Deadline pursuant to Rule 61(b)(5). (Last location was A. NAT. RES.)

**AQMD Position:** OPPOSE

**Location:** 4/27/2012-A. DEAD

**Summary:** Current law, for purposes of portable internal combustion engines, defines "fixed location" to mean any single site at a building, structure, facility, or installation. This bill, for purposes of registration programs for persons who operate portable equipment that may cause the issuance of air contaminants, instead would define "fixed location" to mean any single point within a building, structure, facility, or installation, to the extent allowed by federal law. The bill would prohibit districts from requiring a permit for the construction or operation of portable equipment whether or not that portable equipment replaces or supplements an ongoing primary activity at a facility or installation, provided the replacement or supplemental portable equipment meets the emission limits, as specified. By imposing new duties on air pollution control districts and air quality management districts, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**AB 1990**     **(Fong D) Renewable energy resources: renewable feed-in tariff set aside for most impacted and disadvantaged communities.**

**Last Amend:** 8/24/2012

**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. INACTIVE FILE on 8/31/2012)

**AQMD Position:** SUPPORT

**Location:** 9/1/2012-S. DEAD

**Summary:** This bill expands an existing program, which requires utilities to purchase renewable energy using a feed-in-tariff (FiT). This bill also expands the program from 750 megawatts (MWs) of total capacity to 940 MWs and requires electricity purchased under the expansion to be generated in disadvantaged communities.

**AB 2075**     **(Fong D) Net energy metering: fuel cell electrical generating facilities.  
[Formerly, AB 2075 (Fong) Energy: powerplant certification]**

**Last Amend:** 8/6/2012

**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. E. U., & C.)

**AQMD Position:** SUPPORT

**Location:** 9/1/2012-S. DEAD

**Summary:** Position relative to prior bill version which would have repealed current provisions in law authorizing a person proposing to construct a solar power plant facility not subject to the California Energy Commission's (CEC) jurisdiction to opt out of local permitting requirements and choose the frequently less stringent certification process administered by the CEC.

**AB 2091**     **(Berryhill, Bill R) Regulations: new or emerging technology.**

**Status:** 7/6/2012-Failed Deadline pursuant to Rule 61(b)(13). (Last location was A. B.,P. & C.P. )

**AQMD Position:** OPPOSE

**Location:** 7/6/2012-A. DEAD

**Summary:** Would require a state agency proposing an administrative regulation that would require a person or entity to use a new or emerging technology or equipment in order to achieve the identified purpose of the regulation to determine if that technology is available and effective in accordance with certain requirements. The bill would also require the state agency that is proposing the regulation to include certain provisions in the regulation. The bill would require the state agency to submit to the office, and make available to the public upon request, a statement that the agency has complied with the requirements of this act. The bill would require the office to return to the agency the proposed regulation if the agency has not complied with the prescribed requirements.

**AB 2257**     **(Achadjian R) Nuisance: landfill activities.**

**Last Amend:** 4/30/2012

**Status:** 5/11/2012-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. L. GOV. on 5/1/2012)

**AQMD Position:** OPPOSE                      **Location:** 5/11/2012-A. DEAD

**Summary:** Would provide that no waste management activity, operation, or facility, or appurtenances thereof, as defined, in operation for more than 3 years, and conducted or maintained for commercial purposes in a manner consistent with proper and accepted customs and standards, shall become a nuisance due to any changed condition in the locality if it was not a nuisance at the time it began, except as specified. Under the bill, in an action or proceeding to abate the use of waste management activities, proof that the waste management activities have been in existence for 3 years will constitute a rebuttable presumption that the activities do not constitute a nuisance.

**AB 2405**     **(Blumenfield D) Vehicles: high-occupancy toll lanes.**

**Last Amend:** 6/27/2012

**Status:** 9/27/2012-Chaptered by the Secretary of State, Chapter Number 674, Statutes of 2012

**AQMD Position:** SUPPORT                      **Location:** 9/27/2012-A. CHAPTERED

**Summary:** Would exempt, with specified exceptions applicable to passage on designated state highways, all of the low-emission and hybrid vehicles eligible to use HOV lanes under these provisions, including vehicles that meet the enhanced AT PZEV standards, from toll charges imposed on HOT lanes unless prohibited by federal law. The bill would exclude a toll imposed for passage on a toll road or toll highway, that is not an HOT lane, a toll imposed for crossing a state-owned bridge, or, until March 1, 2014, a toll imposed for passage in HOT lanes designated for State Highway Route 10 or 110, from this exemption. The bill would provide that these changes shall be known as the Choose Clean Cars Act of 2012.

**AB 2583**     **(Blumenfield D) Alternatively fueled vehicles: state fleet: public parking.**

**Last Amend:** 8/21/2012

**Status:** 9/27/2012-Chaptered by the Secretary of State, Chapter Number 676, Statutes of 2012

**AQMD Position:** SUPPORT                      **Location:** 9/27/2012-A. CHAPTERED

**Summary:** Would require the department to encourage the operation of state alternatively fueled vehicles, as defined, on the alternative fuel for which the vehicle is designed and the development of commercial infrastructure for alternative fuel pumps and charging stations at or near state vehicle fueling or parking sites, and to work with other public agencies to incentivize and promote state employee operation of alternatively fueled vehicles through preferential or reduced-cost parking, access to charging, or other means. The bill would require the department and the Department of Transportation to develop and implement advanced technology vehicle parking incentive programs in specified public parking facilities of 50 spaces or more and specified park-and-ride lots to incentivize the purchase and use of alternatively fueled vehicles, as defined, in the state, as specified. This bill contains other related provisions and other current laws.

**AB 2605**     **(Cedillo D) Air pollution control: penalties.**

**Status:** 5/11/2012-Failed Deadline pursuant to Rule 61(b)(6). (Last location was A. JUD. on 3/26/2012)

**AQMD Position:** OPPOSE                      **Location:** 5/11/2012-A. DEAD

**Summary:** Would require any city attorney of a city having a population in excess of 750,000, any city attorney of a city and county, or a city prosecutor in any city with a full-time city prosecutor, with the consent of the district attorney, to recover specified civil penalties in a civil action for specified violations. The bill would require, if the action for civil penalties resulting from specified violations is brought by a district attorney, an attorney for a district, a city attorney of a city having a population in excess of 750,000, a city attorney of a city and county, or a city prosecutor in any city with a full-time city prosecutor, with the consent of the district attorney, the entire amount of the penalty collected be paid to the treasurer of the city, county, or city and county in addition to the district on whose behalf judgment was entered.

**SB 209**     **(Corbett D) Common interest developments: electric vehicle charging stations.**

**Last Amend:** 6/6/2011

**Status:** 7/25/2011-Chaptered by the Secretary of State, Chapter Number 121, Statutes of 2011

**AQMD Position:** SUPPORT

**Location:** 7/25/2011-S. CHAPTERED

**Summary:** This bill would provide that any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale of any interest in a common interest development, or any provision of the governing documents of a common interest development, that effectively prohibits or restricts the installation or use of an electrical vehicle charging station is void and unenforceable. The bill would authorize an association, as defined, to impose reasonable restrictions on those stations, as specified, and would impose requirements with respect to an association's approval process for those stations. If the station is to be placed in a common interest area or an exclusive use common area, the homeowner would be responsible for various costs associated with maintaining and repairing the station, as well as costs for damage to common areas and adjacent units resulting from installation and maintenance of the station. The bill would impose other responsibilities on the homeowner, including maintaining an umbrella liability coverage policy of \$1,000,000 that names the common interest development as an additional insured. An association that violates the bill's provisions would be liable for damages and a civil penalty, as specified.

**SB 246**

**(De León D) California Global Warming Solutions Act of 2006: offsets.**

**Status:** 1/20/2012-Failed Deadline pursuant to Rule 61(b)(2). (Last location was 2 YEAR on 5/28/2011)

**AQMD Position:** SUPPORT WITH AMENDMENTS

**Location:** 1/20/2012-S. DEAD

**Summary:** Would require the State Air Resources Board to meet specified requirements relating to verification and oversight of compliance offsets, as defined, if the state board allows the use of compliance offsets as part of a regulation adopted pursuant to the California Global Warming Solutions Act of 2006.

Amendments requested: 1) On page 5, line 27, after "board" insert "or a district approved by the executive officer of the state board." 2) At the end of section 38573 (d) on page 5, line 29, add "If a district is authorized to conduct the independent review, the state board shall reimburse the district's reasonable costs of such review from fees collected pursuant to Section 38957 of this code."

**SB 358**

**(Cannella R) Income taxes: gross income: exclusion: depreciation deduction: air quality funds.**

**Last Amend:** 1/4/2012

**Status:** 1/31/2012-Returned to Secretary of Senate pursuant to Joint Rule 56.

**AQMD Position:** OPPOSE IF AMENDED

**Location:** 1/31/2012-S. DEAD

**Summary:** The Personal Income Tax Law and the Corporation Tax Law define gross income as all income from whatever source derived, unless specifically excluded. This bill would exclude from gross income any amount provided to a person by the State Air Resources Board, an air pollution control district, or an air quality management district, as defined, for the purpose of air pollution reduction. This bill contains other related provisions and other current laws. The District's position was predicated on proposed amendments that would have required the local air districts reimburse the General Fund for any lost revenues.

**SB 410**

**(Wright D) Energy: Public Interest Research, Development, and Demonstration Program.**

**Last Amend:** 5/16/2011

**Status:** 1/20/2012-Failed Deadline pursuant to Rule 61(b)(2). (Last location was 2 YEAR on 5/28/2011)

**AQMD Position:** SUPPORT

**Location:** 1/20/2012-S. DEAD

**Summary:** (1) Current law establishes the Public Interest Research, Development, and Demonstration Program for the purpose of making awards for public interest energy research, development, and demonstration projects or programs that are not provided for by competitive regulated markets. Current law prescribes, until January 1, 2012, procedures that the State Energy Resources Conservation and Development Commission (Energy Commission) is required to follow in adopting regulations to implement the program. This bill would require the Energy Commission to follow the prescribed procedures until January 1, 2022. This bill contains other related provisions and other current laws.

**SB 467**

**(Pavley D) Department of General Services: contracts for energy efficiency information technology products or services.**

**Last Amend:** 6/11/2012

**Status:** 8/17/2012-Failed Deadline pursuant to Rule 61(b)(14). (Last location was A. APPR. on 8/16/2012)

**AQMD Position:** SUPPORT

**Location:** 8/17/2012-A. DEAD

**Summary:** Would additionally the Department of General Services to deem a contract for the purchase of an energy efficiency information technology product or service to be a no-cost or net-neutral cost contract when specified conditions are met. It would require the department to issue a nonmandatory master services agreement permitting owners, operators, and tenants of state facilities to procure a wide range of energy efficiency information technology products and services according to specified criteria. It would require the department to post on its Internet Web site, as specified, a link to a document entitled "Record of Energy-Saving Projects" that contains specified information.

**SB 535**

**(De León D) California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund.**

**Last Amend:** 8/31/2012

**Status:** 9/30/2012-Chaptered by the Secretary of State, Chapter Number 830, Statutes of 2012

**AQMD Position:** SUPPORT

**Location:** 9/30/2012-S. CHAPTERED

**Summary:** Would require the California Environmental Protection Agency to identify disadvantaged communities for investment opportunities, as specified. The bill would require the Department of Finance, when developing a specified 3-year investment plan, to allocate 25% of the available moneys in the Greenhouse Gas Reduction Fund to projects that provide benefits to disadvantaged communities, as specified, and to allocate a minimum of 10% of the available moneys in the Greenhouse Gas Reduction Fund to projects located within disadvantaged communities, as specified. The bill would require the Department of Finance, when developing funding guidelines, to include guidelines for how administering agencies should maximize benefits for disadvantaged communities. The bill would require administering agencies to report to the Department of Finance, and the Department of Finance to include in a specified report to the Legislature, a description of how administering agencies have fulfilled specified requirements relating to projects providing benefits to, or located in, disadvantaged communities. This bill contains other related provisions.

**SB 771**

**(Kehoe D) California Alternative Energy and Advanced Transportation Financing Authority.**

**Last Amend:** 9/2/2011

**Status:** 10/8/2011-Chaptered by the Secretary of State, Chapter Number 598, Statutes of 2011

**AQMD Position:** SUPPORT

**Location:** 10/8/2011-S. CHAPTERED

**Summary:** Would expand the definition of "renewable energy" to include energy generation based on thermal energy systems such as landfill gas turbines, engines, and microturbines; and digester gas turbines, engines, and microturbines.

**SB 859**

**(Padilla D) Vehicles: records: confidentiality.**

**Last Amend:** 8/23/2011

**Status:** 9/26/2011-Chaptered by the Secretary of State, Chapter Number 346, Statutes of 2011

**AQMD Position:** SUPPORT

**Location:** 9/26/2011-S. CHAPTERED

**Summary:** Current law requires the residence address in a record of the Department of Motor Vehicles to be kept confidential, with specified exceptions. This bill would add an exception for an electrical corporation, as defined, or a local publicly owned electric utility, if the corporation or utility, or its agent, under penalty of perjury, requests and uses the information only for the purposes of identifying where an electric vehicle is registered and if certain conditions are met. By creating a new crime, the bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.

**SB 901**

**(Steinberg D) Taxation: undocumented immigrants.**

**[Formerly, SB 901 (Steinberg) Air Pollution: Vehicle Retirement Program]**

**Last Amend:** 8/29/2012

**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. PUB. S. on 8/31/2012)

**AQMD Position:** SUPPORT WITH AMENDMENTS

**Location:** 9/1/2012-S. DEAD

**Summary:** Position relative to a prior version of the bill which would have changed the name of the Enhanced Fleet Modernization Program to the Vehicle Retirement Program and prioritized expenditures

from the program for the "highest polluting vehicles" registered in air basins that are out of attainment with federal air quality standards. Amendments requested sought guidelines which would identify mechanisms and procedures for verification of the "*highest polluting vehicles*" eligible for retirement.

**SB 984**

**(Simitian D) Environmental quality: California Environmental Quality Act: record of proceedings.**

**Last Amend:** 8/20/2012

**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17). (Last location was S. CONCURRENCE on 9/1/2012)

**AQMD Position:** OPPOSE UNLESS AMENDED      **Location:** 9/1/2012-S. DEAD

**Summary:** Provides procedures for a lead agency to prepare and certify the record of proceedings concurrently with the administrative process for environmental documents, and to promptly post all documents on the Internet. The procedures apply upon the request of the project applicant and consent of the lead agency, provided the project applicant agrees to pay the lead agency's costs of preparation.

**Amendments Requested:** First, the bill should be amended to refer to "draft" environmental documents. Second, in regards to the timing requirements, given that public comments are frequently voluminous, in awkward formats or require special handling, including redaction, for confidential information, the time allowed for an agency to comply should be extended from 5 to 10 days. Third, the bill should be amended to avoid invalidations based on mere technicalities. After discussion with the Author, the bill was amended to refer to "draft" environmental documents and to exclude information pertaining to trade secrets.

**SB 1054**

**(Pavley D) Oil and gas: well operation: notice.**

**Last Amend:** 5/29/2012

**Status:** 6/1/2012-Failed Deadline pursuant to Rule 61(b)(11). (Last location was S. THIRD READING on 5/31/2012)

**AQMD Position:** SUPPORT      **Location:** 6/1/2012-S. DEAD

**Summary:** Current law requires, before commencing the work of drilling an oil and gas well, the operator to file a written notice of intention to commence drilling with the State Oil and Gas Supervisor or district deputy. Current law provides that the notice is deemed approved if the supervisor or the district deputy fails to give a written response to the notice within 10 working days from the date of receipt. This bill would extend the response time by the supervisor or the district deputy from 10 working days to 15 working days. This bill contains other related provisions and other current laws.

**SB 1122**

**(Rubio D) Energy: renewable bioenergy projects.**

**Last Amend:** 8/24/2012

**Status:** 9/27/2012-Chaptered by the Secretary of State, Chapter Number 612, Statutes of 2012

**AQMD Position:** SUPPORT      **Location:** 9/27/2012-S. CHAPTERED

**Summary:** Would require the Public Utilities Commission, by June 1, 2013, to direct the electrical corporations to collectively procure at least 250 megawatts of cumulative rated generating capacity from developers of bioenergy projects that commence operation on or after June 1, 2013. The bill would require the commission, for each electrical corporation, to allocate shares of the additional 250 megawatts based on the ratio of each electrical corporation's peak demand compared to the total statewide peak demand. The bill would require the commission to allocate those 250 megawatts to electrical corporations from specified categories of bioenergy project types, with specified portions of that 250 megawatts to be allocated from each category. The bill would require the commission to encourage gas and electrical corporations to develop and offer programs and services to facilitate development of in-state biogas for a broad range of purposes. The bill would authorize the commission, in consultation with specified state agencies, if it finds that the allocations of those 250 megawatts are not appropriate, to reallocate those 250 megawatts among those categories.

- [SB 1127](#) (Vargas D) Volatile organic compounds: consumer products.**  
**Status:** 4/27/2012-Failed Deadline pursuant to Rule 61(b)(5). (Last location was S. E.Q. on 4/16/2012)  
**AQMD Position:** OPPOSE **Location:** 4/27/2012-S. DEAD  
**Summary:** Current law prohibits an air pollution control district or air quality management district from adopting any regulation pertaining to disinfectants or any regulation pertaining to a consumer product that is different from any regulation adopted by the State Air Resources Board for that purpose. This bill would require the South Coast Air Quality Management District to amend a specified regulation relating to consumer products. By adding to the duties of the South Coast Air Quality Management District, this bill would impose a state-mandated local program. This bill contains other related provisions and other current laws.
- [SB 1224](#) (La Malfa R) Smog check: biennial inspection: exemption.**  
**Status:** 4/27/2012-Failed Deadline pursuant to Rule 61(b)(5). (Last location was S. T. & H. on 4/11/2012)  
**AQMD Position:** OPPOSE **Location:** 4/27/2012-S. DEAD  
**Summary:** Current law establishes a motor vehicle inspection and maintenance (smog check) program, administered by the Department of Consumer Affairs. The smog check program requires inspection of motor vehicles upon initial registration, biennially upon renewal of registration, upon transfer of ownership, and in certain other circumstances. Current law exempts specified vehicles from being inspected biennially upon renewal of registration, including, among others, all motor vehicles manufactured prior to the 1976 model-year. This bill instead would exempt all motor vehicles prior to the 1981 model-year from being inspected biennially upon renewal of registration.
- [SB 1268](#) (Pavley D) Energy: energy conservation assistance.**  
**Last Amend:** 8/20/2012  
**Status:** 9/27/2012-Chaptered by the Secretary of State, Chapter Number 615, Statutes of 2012  
**AQMD Position:** SUPPORT **Location:** 9/27/2012-S. CHAPTERED  
**Summary:** This bill would extend the sunset dates of the Energy Conservation Assistance Account program (ECAA) and the Local Jurisdiction Energy Assistance Account program (LJEAA) to January 1, 2018. These two programs, which sunset in 2013 and 2016 respectively, are focused on reducing statewide energy consumption through energy efficiency.
- [SB 1455](#) (Kehoe D) Alternative and vehicle technologies: funding programs.**  
**[Formerly, SB 1455 (Kehoe) Alternative Fuels]**  
**Last Amend:** 8/24/2012  
**Status:** 9/1/2012-Failed Deadline pursuant to Rule 61(b)(17) (Last location was S. T. & H. on 8/31/2012)  
**AQMD Position:** SUPPORT **Location:** 9/1/2012-S. DEAD  
**Summary:** AQMD supported the original form of the bill as well as the final gutted and amended version. Originally, the bill would have set an alternative fuels goal of 26 percent by 2022 for the state of California and direct relevant agencies to proactively work toward diversifying the state's transportation fuel supply. In its final version, the bill would have extended the sunset date on the funding mechanisms for AB 923 Carl Moyer program and AB 118 Alternative and Renewable Fuel and Vehicle Technology program until 2023. As gutted and amended, the bill also prohibited the Air Resources Board from moving forward with implementation of the Clean Fuels Outlet regulation, and instead directs funds from the Alternative and Renewable Fuel and Vehicle Technology Fund for the construction and operation of a hydrogen fueling network in California.

## **Attachment 5**

### **SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE REPORT**

#### **FROM HOME RULE ADVISORY GROUP MEETING OF NOVEMBER 21, 2012**

HRAG members present:

Dr. Joseph Lyou, Chairman

Elaine Chang, SCAQMD

Kurt Wiese, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Greg Adams, L.A. County Sanitation Districts

Enrique Chiock, Breathe L.A. (participated by phone from SCAG)

Curtis Coleman, Southern California Air Quality Alliance

Chris Gallenstein, CARB (participated by phone)

Jayne Joy, Eastern Municipal Water District (participated by phone)

Bill LaMarr, California Small Business Alliance

Rongsheng Luo, SCAG (participated by phone)

Art Montez, AMA International

Bill Quinn, CCEEB (participated by phone)

Lee Wallace, So Cal Gas and SDG&E

Mike Wang, WSPA

#### **LEGISLATIVE UPDATE**

There was no report this month. Dr. Lyou noted that there will be dramatic changes in the structure of the legislature as a result of the November election. Mr. Quinn asked for an update on the status of the 2013 Legislative Goals & Objectives, which he thought were usually available in November or December of the preceding year. Dr. Chang will check with LPA staff on the status and will report back to the HRAG (After the meeting, LPA staff responded that the AQMD's 2013 Legislative Goals & Objectives for state and federal legislation are currently being finalized by staff and have not yet gone before AQMD's Legislative Committee).

Dr. Lyou reported that CAPCOA will sponsor the resurrection of SB 1455 which will extend the sunset dates for Carl Moyer and AB 118 funding. Dr. Lyou noted that the Executive Officer has received authorization from the Board for the District to support the process. Mr. Quinn added that CCEEB will also be very supportive of the effort.