

BOARD MEETING DATE: May 2, 2014

AGENDA NO. 20

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, April 11, 2014. The next Legislative Committee meeting is scheduled for Friday, May 9, 2014, at 9 a.m. in Conference Room CC8.

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

Agenda Item	Recommendation Action
AB 2013 (Muratsuchi) Vehicles: High-Occupancy Vehicle Lanes	Support
AB 2242 (Perea) Air Quality Improvement Program	Support with Amendments
SB 1204 (Lara and Pavley) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program	Support
SB 1275 (De Leon) Vehicle Retirement and Replacement: Charge Ahead California Initiative	Support and Work with the Author
Proposed Federal Surface Transportation Law (MAP 21) Reauthorization Language	Approve Proposed Language with Amendments

RECOMMENDED ACTION:

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

Josie Gonzales
Chair
Legislative Committee

LBS:GS:PFC:jf

Attendance [Attachment 1]

The Legislative Committee met on April 11, 2014. Committee Chair Supervisor Josie Gonzales was present at SCAQMD's Diamond Bar headquarters as well as Mayor Dennis Yates, who was appointed to the Committee. Committee Member Dr. Clark E. Parker, Sr. and Dr. William Burke, Governing Board Chair, who was also appointed to the Committee, attended via teleconference.

Update on Federal Legislative Issues

Mark Kadesh of Kadesh & Associates, SCAQMD federal legislative consultant, updated the Committee on key Washington D.C. issues.

He reported that the Senate has just begun a two-week recess.

Mr. Kadesh also added that Senate Environment and Public Works (EPW) Committee Chair Barbara Boxer, Senator David Vitter (EPW Ranking Member), Senator Tom Carper (Chair, EPW Subcommittee on Transportation and Infrastructure) and Senator John Barrasso (Ranking Member, EPW Subcommittee on Transportation and Infrastructure) announced that they would work expeditiously to mark up the surface transportation reauthorization bill (MAP-21) and move it out of EPW to facilitate an extension of this law by the summer. The Highway Trust Fund is estimated to run out of funds by the summer, which provides extra motivation. The Senate Finance Committee would then need to address the biggest issue concerning this bill: How will adequate funds be generated to pay for the next reauthorization bill?

Mr. Kadesh stated that it appears that EPW plans to put forward a simple extension of the current MAP-21 bill, with the possibility of addition of a rail provision. The Ports of L.A. and Long Beach have submitted a proposal on freight to EPW, and EPW staff has asked for SCAQMD's input on this proposal. EPW is still trying to finalize the Water Resource Development Act (WRDA) legislation which is seen as a prerequisite to turning attention to MAP-21.

Mr. Kadesh indicated that EPW held a hearing (April 8) on Janet McCabe's nomination to become the Assistant Administrator for the U.S. EPA's Air and Radiation Office (currently Acting Assistant Administrator). The next step would be to have this nomination go to the U.S. Senate Floor for consideration, but no timetable is set.

Senate Appropriations Subcommittees have begun holding hearings regarding FY 2015 appropriations bills, with a few of these bills likely to be marked up starting in May.

SCAQMD representatives have had positive conversations with Senator Feinstein's staff about continuing the zero-emission goods movement program which has provided funding to SCAQMD in the past for zero-emission technology projects.

Finally, Mr. Kadesh reported that SCAQMD has been working with Congressman Henry Waxman and Congresswoman Lois Capps regarding issues relating to the International Maritime Organization (IMO) and the effort to preserve the North American Emission Control Area (ECA). Recently, the IMO came to a compromise decision that allowed the ECA's 2016 implementation date for standards relating to Nitrogen Oxides (NOx) to stay intact.

Supervisor Gonzales asked about possible reductions in funding as part of the reauthorization of MAP-21. Mr. Kadesh responded that EPW is looking to maintain funding levels for MAP-21's reauthorization, including an increase in funds to account for inflation. Supervisor Gonzales further inquired about possible additional funding for public transportation projects. Mr. Kadesh responded that he was not aware of any.

Supervisor Gonzales asked for SCAQMD staff's and the consultant's to provide input on SCAQMD's priorities relative to federal funding, such as MAP-21, that can be shared with Senator Dianne Feinstein's new District Representative Kevin Chang.

Mia O'Connell of the Carmen Group, SCAQMD federal legislative consultant, also provided the Committee with updates on key Washington D.C. issues.

She reported that Chairman Ken Calvert rejected the Administration's proposal to zero out funding for the Diesel Emissions Reduction Act (DERA) during the Appropriations Subcommittee on Interior, Environment, and Related Agencies budget hearing.

Regarding MAP-21 reauthorization efforts on the House side, communications have occurred Congressional staff to lay the groundwork for SCAQMD's MAP-21 reauthorization related proposals. Bill Shuster, Chair of the House Transportation and Infrastructure Committee (T&I) stated that the length of the reauthorization would depend on the amount of new funding that can be raised to pay for this legislation.

Update on Sacramento Legislative Issues

Paul Gonsalves of Joe A. Gonsalves & Son, SCAQMD state legislative consultant, briefed the Committee on key Sacramento issues.

Mr. Gonsalves reported that the state Legislature began its spring break recess and committee hearings will resume on April 21 and that there will be over 2,000 bills to hear.

Further, Mr. Gonsalves reported that there are three active bills dealing with fracking and/or well stimulation:

- AB 2420 (Nazarian) authorizes local jurisdictions to impose bans on well stimulation treatments;
- SB 1132 (Mitchell) imposes a moratorium on well stimulation treatments; and
- SB 1281 (Pavley) proposes to revisit the amount of fresh water used in well stimulation.

At the local level, Los Angeles, Culver City, Carson, and Santa Cruz County have all passed resolutions to either place or develop a moratorium on well stimulation treatments within their jurisdictions.

There are currently ten or more bills dealing with the use of high-occupancy vehicle (HOV) lanes and alternatively fueled vehicles. There appears to be a trend, with more legislators getting involved with promoting and incentivizing alternatively fueled vehicles. Examples involve bills that include: reducing emissions from state fleets, dedicated parking for cleaner vehicles, increasing availability of HOV stickers for clean cars to allow HOV lane access, and incentives for alternative fueling infrastructure.

Dr. Burke inquired about the status of the bill relating to fire pits [AB 1102 (Allen)]. Mr. Gonsalves responded that there has been no movement on this bill. It remains in the Senate Environmental Quality Committee and the earliest the bill could be heard is June 4.

Will Gonzalez of Gonzalez, Quintana & Hunter, SCAQMD state legislative consultant, also briefed the Committee on key Sacramento issues.

Mr. Gonzalez reported on trends in the Capitol relating to climate change and energy, as there are currently several dozens of these bills in each of these two topic areas. SB 1125 (Pavley) represents the biggest idea being addressed in relation to climate change. This key bill would set a new interim carbon reduction goal for 2030, to complement the current 2020 and 2050 goal dates. Many stakeholders are starting to look beyond the 2020 date as a way to ensure that greenhouse gas (GHG) reduction efforts by utilities and others stay on track. Finally, there appears to be a trend where previous

opponents to GHG reduction efforts are now shifting away from opposing the bills and focusing more on using cap and trade revenues to fund their priorities.

On the energy side, one trend is the lowering of costs and/or attempt to facilitate financing to cover the costs relating to renewable energy and energy efficiency, including:

- SB 1121 (De León) establishes a green bank with multiple types of financing programs for renewable energy or energy efficiency; and
- Several other bills provide financing for residential and commercial property owners for renewable energy or energy efficiency;

The bills are focusing more on increasing access and helping people pay the bills for renewable energy and energy efficiency rather than on more big-picture, mandate-type approaches. Opposition to these bills has included efforts by the utilities, such as AB 1763 (Perea), that question the reliability and availability of sufficient energy supplies.

Finally, Mr. Gonzalez reported on the suspension of three Democratic Senators and the new political dynamic that has been created. The Democratic Caucus previously had a supermajority with 28 members, but now has lost that with only 25 members. Supervisor Gonzales asked about the future of the three suspended Senators. Mr. Gonzalez responded that President pro Tem Darrell Steinberg plans to let the legal process run its course before acting to remove any of the Senators from the Senate. He also responded to Supervisor Gonzales in stating that Senator Rod Wright is termed out in 2016, and that Senators Ron Calderon and Leland Yee are termed out in 2014.

Dr. Burke inquired as to what the timing will be for the transition to a new President pro Tem of the Senate. Mr. Gonzalez responded that there had been no election yet and President pro Tem Steinberg had given no indication as to when the election would be held or when the transition would occur. Dr. Burke further inquired as to whether the suspensions had any impact on the election of a new Senate leader. Mr. Gonzalez responded in the negative.

Federal Surface Transportation Law (MAP-21) Reauthorization Language ***[Attachment 2]***

Lisha B. Smith, Deputy Executive Officer, provided an update on input received from transportation agencies within the South Coast region regarding the proposed language relating to the reauthorization of the federal surface transportation law (MAP-21) and the Clean Air Act (CAA). The proposed language was presented at the March Legislative Committee meeting and staff was asked to report back on input received from the four regional transportation agencies.

Staff recommended that these legislative proposals be approved as presented, incorporating the suggested edits by Metrolink relating to the passenger rail proposals.

The Legislative Committee unanimously approved staff's recommendation to APPROVE THE PROPOSED LEGISLATIVE LANGUAGE RELATING TO THE MAP-21 REAUTHORIZATION AND THE CAA, AS AMENDED.

AYES: Burke, Gonzales, Parker, and Yates

NOES: None.

Recommend Position on Bills: [Attachment 3]

AB 2013 (Muratsuchi) Vehicles: High-Occupancy Vehicle Lanes

Ms. Smith presented AB 2013 (Muratsuchi) to the Committee. This is an urgency bill that would increase, from 40,000 to 85,000, the number of advanced technology partial zero-emission vehicles (enhanced AT PZEVs) allowed access to HOV lanes through the Green Clean Air Vehicle Sticker Program.

Staff recommended a SUPPORT position on this bill.

The Legislative Committee approved staff's recommended position of SUPPORT on AB 2013 with the recommendation moving to the full Board for approval.

AYES: Burke, Parker, Gonzales

NOES: None.

AB 2242 (Perea) Air Quality Improvement Program

Sr. Public Affairs Manager Guillermo Sanchez presented AB 2242 (Perea) to the Committee. The goal of this bill is to clarify that Air Quality Improvement Program (AQIP) funding should be focused on areas where it can have the greatest positive impact on air quality.

Staff recommended a SUPPORT WITH AMENDMENTS position on this bill.

The Legislative Committee approved staff's recommended position of SUPPORT WITH AMENDMENTS on AB 2242 with the recommendation moving to the full Board for approval.

AYES: Burke, Parker, Gonzales

NOES: None.

SB 1204 (Lara and Pavley) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program

Community Relations Manager Philip Crabbe presented SB 1204 (Lara and Pavley) to the Committee. This bill would create the California Clean Truck, Bus, and Off-Road Vehicle

and Equipment Technology Program, funded by cap and trade revenues, to incentivize the deployment of zero and near-zero emission heavy-duty trucks, public transit buses, and off-road equipment, with preference given to projects in disadvantaged communities.

Staff recommended a SUPPORT position on this bill.

The Legislative Committee approved staff's recommended position of SUPPORT on SB 1204 with the recommendation moving to the full Board for approval.

AYES: Burke, Parker, Gonzales

NOES: None.

SB 1275 (De León) Vehicle Retirement and Replacement: Charge Ahead California Initiative

Mr. Crabbe presented SB 1275 (De Leon) to the Committee.

This bill would establish the Charge Ahead California Initiative focused on facilitating the placement of one million light, medium, and heavy-duty electric vehicles (cars, trucks, and buses) on California's roads over the next decade while helping to ensure that all Californians, especially lower income households in communities disproportionately impacted by air pollution, benefit from California's transition to a clean transportation sector and zero tailpipe emissions.

Supervisor Gonzales asked whether this bill had funding attached. Mr. Crabbe responded that the bill does not have a specific funding source attached. Dr. Wallerstein stated that both cap and trade auction funds and AB 118 funds are a likely source of funding for this bill.

Staff recommended a SUPPORT position on this bill. Staff also recommended that it work with the author to incorporate flexibility into the nine-year funding plan.

The Legislative Committee approved staff's recommended position of SUPPORT on SB 1275, including staff's working with the author to incorporate flexibility into the nine-year funding plan, with the recommendations moving to the full Board for approval.

AYES: Burke, Parker, Gonzales

NOES: None.

Update on AB 1330 (John Pérez) Environmental Justice

Barbara Baird, Chief Deputy Counsel, provided an update on the progress of negotiations with Speaker Pérez's staff and interested stakeholders relating to AB 1330. Discussions regarding the bill are focusing on developing revised bill language to address serious and serial violators of environmental pollution laws.

This bill will also impact the Department of Toxic Substance Control (DTSC) and they have proposed legislative language regarding their authority to revoke permits. The Speaker's staff asked whether similar language would be beneficial for SCAQMD.

Staff recommends proposed bill language for AB 1330 that would cause current law to be strengthened within the following two areas of enforcement:

- 1) Permit Revocation - The Executive Officer of an air agency should have the ability to suspend a permit based upon violations or threatened violations of air pollution rules. This would apply when there is a significant need for immediate action, such as when there is an imminent risk of substantial health impacts. The permit holder would retain a right of appeal to the air district hearing board.
- 2) Order of Abatement – These orders, which order a polluter to comply with existing air district regulation or state law, require a 10-day published notice in a newspaper prior to a hearing. Some cases are urgent, and thus giving the hearing board the power to issue a temporary restraining order (TRO), subject to a 24-hour notice, would allow for better protection against public health risks. A hearing with evidence presentations would occur promptly before issuing the TRO.

To better facilitate the passage of the proposal, Dr. Parker recommended that the legislative language should also have a certain time period by which the full suspension hearing would be held. Also, the legislation should state that the governing board of an air district would be given the authority to create rules and regulations to govern the intent of the legislation.

Report from SCAQMD Home Rule Advisory Group [Attachment 4]

Please refer to Attachment 4 for written report.

Other Business:

None

Public Comment Period:

No public comment.

Attachments

1. Attendance Record
2. Federal Surface Transportation Law (MAP-21) Reauthorization Language
3. Bill and Bill Analyses
4. SCAQMD Home Rule Advisory Group Report

ATTACHMENT 1

ATTENDANCE RECORD –April 11, 2014

DISTRICT BOARD MEMBERS:

Dr. William A. Burke (teleconference)
Supervisor Josie Gonzales
Dr. Clark E. Parker, Sr. (teleconference)
Mayor Dennis Yates

STAFF TO COMMITTEE:

Lisha B. Smith, Deputy Executive Officer
Guillermo Sanchez, Senior Public Affairs Manager
Julie Franco, Senior Administrative Secretary

DISTRICT STAFF:

Barry R. Wallerstein, Executive Officer
Barbara Baird, Chief Deputy Counsel
Elaine Chang, Deputy Executive Officer
Peter Greenwald, Senior Policy Advisor
Bayron Gilchrist, Assistant Chief Deputy Counsel
Chris Marlia, Assistant Deputy Executive Officer
Mohsen Nazemi, Deputy Executive Officer
Laki Tisopulos, Assistant Deputy Executive Officer
Leeor Alpern, Senior Public Information Specialist
Marc Carrel, Program Supervisor
Tina Cox, Senior Public Information Specialist
Philip Crabbe, Community Manager
Robert Paud, Telecommunications Technician
Ricardo Rivera, Senior Staff Specialist (teleconference)
Danielle Soto, Senior Public Information Specialist
Kim White, Public Affairs Specialist
Patti Whiting, Staff Specialist
Bill Wong, Principal Deputy District Counsel

OTHERS PRESENT:

Mark Abramowitz, Governing Board Member Consultant (Lyou)
Tricia Almiron, SANBAG
Denis Bilodeau, County of Orange
Paul Gonsalves, Gonsalves & Son (teleconference)
Will Gonzalez, Gonzalez, Quintana & Hunter (teleconference)
Mark Kadash, Kadash & Associates (teleconference)
Rita Loof, RadTech
Debra Mendelsohn, Governing Board Assistant (Antonovich)
Peter Okurowski, CEA
Mia O'Connell, Carmen Group (teleconference)
David Rothbart, LACSD
Andy Silva, Governing Board Assistant (Gonzales)
Susan Stark, Tesor Consultant
Tara Tisopulos, OCTA
Lee Wallace, SCG/SDG & E

ATTACHMENT 2

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT PROPOSALS FOR FEDERAL TRANSPORTATION LEGISLATION:

ADVANCED TECHNOLOGIES TO REDUCE AIR POLLUTION FROM FREIGHT TRANSPORT TO SUPPORT ATTAINMENT OF FEDERAL AIR QUALITY STANDARDS

As approved by SCAQMD Legislative Committee 4/11/14

Proposal 1. Increased Federal Funding Share for Infrastructure Enabling or Incentivizing Advanced Freight Technologies

Amend MAP-21 Section 1116 as follows (proposed amendments are shown in underline/strike-out):

SEC. 1116. PRIORITIZATION OF PROJECTS TO IMPROVE FREIGHT MOVEMENT.

- (a) IN GENERAL.—Notwithstanding section 120 of title 23, United States Code, the Secretary may increase the Federal share payable for any project to 95 percent for projects on the Interstate System and 90 percent for any other project if the Secretary certifies that the project meets the requirements of this section.
- (b) INCREASED FUNDING.—To be eligible for the increased Federal funding share under this section, a project shall—
 - (1) demonstrate the improvement made by the project to the efficient movement of freight, including making progress towards meeting performance targets for freight movement established under section 150(d) of title 23, United States Code; and
 - (2) be identified in a State freight plan developed pursuant to section 1118.
- (c) ELIGIBLE PROJECTS.—Eligible projects to improve the movement of freight under this section may include, but are not limited to—
 - (1) construction, reconstruction, rehabilitation, and operational improvements directly relating to improving freight movement;
 - (2) intelligent transportation systems and other technology to improve the flow of freight;
 - (3) efforts to reduce the environmental impacts of freight movement ~~on the primary freight network~~;
 - (4) railway-highway grade separation;
 - (5) geometric improvements to interchanges and ramps.
 - (6) truck-only lanes;
 - (7) climbing and runaway truck lanes;
 - (8) truck parking facilities eligible for funding under section 1401;
 - (9) real-time traffic, truck parking, roadway condition, and multimodal transportation information systems;

- (10) improvements to freight intermodal connectors; and
 - (11) improvements to truck bottlenecks.
- (d) DEFINITION OF “EFFORTS TO REDUCE THE ENVIRONMENTAL IMPACTS OF FREIGHT MOVEMENT.”—As used in Section 1116 (c)(3), “efforts to reduce the environmental impacts of freight movement” shall include, but not be limited to,—
- (1) transportation infrastructure that enables or incentivizes utilization of Advanced Freight Transport Technologies (as defined in subsection (e)), including, but not limited to, construction of —
 - (A) infrastructure that is dedicated for use by Advanced Freight Transport Technologies, such as highway lanes, rail lines, or lanes providing expedited access to freight facilities;
 - (B) infrastructure that will be operated in a manner to create incentives for use by Advanced Freight Transport Technologies, such as through toll or access fee discounts for highways or freight facilities; and
 - (C) fueling or charging infrastructure, or wayside power, to provide energy for Advanced Freight Transport Technologies; and
 - (2) actions to reduce public health impacts in communities near freight facilities caused by emissions from freight movement, including, but not limited to—
 - (A) deployment of advanced freight technologies or other technologies and strategies to reduce emissions near such communities beyond the benefits of adopted regulatory standards; and
 - (B) establishment of sufficient distance between diesel-powered freight operations and communities, schools, workplaces and other sensitive receptors to prevent significant health impacts.
- (e) DEFINITION OF ADVANCED FREIGHT TRANSPORT TECHNOLOGY. — Advanced Freight Transport Technologies shall include the following:
- (1) TRUCKS. — Heavy-duty trucks powered by –
 - (A) fuel cells;
 - (B) electricity;
 - (C) hybrid-electric technologies with significant zero-emission range, which may use range extenders powered by diesel, natural gas, fuel cells or other power sources; “significant zero-emission range” shall be defined by the Administrator of the EPA so as to encompass a substantial portion of typical daily service in nonattainment areas; or
 - (D) any other technology that emits nitrogen oxides and fine particulates (PM2.5) at rates at least 90% lower than the most stringent applicable emission standards adopted by EPA, or which the Administrator of the EPA determines creates sufficiently low emissions of such pollutants to meet

the air quality attainment needs of all areas designated nonattainment under the Clean Air Act (including areas classified as Extreme Ozone nonattainment.)

- (2) LOCOMOTIVES. — Freight locomotives powered by –
 - (A) natural gas with advanced emission controls achieving emission levels substantially lower than EPA Tier 4 locomotive standards (as determined by the Administrator of the EPA);
 - (B) fuel cells;
 - (C) electricity;
 - (D) hybrid-electric technologies with significant zero-emission range, which may use range extenders powered by diesel, natural gas, fuel cells or other power sources; “significant zero-emission range” shall be determined by the Administrator of the EPA so as to encompass a substantial portion of typical service in nonattainment areas; or
 - (E) any other technology satisfying the criteria in paragraph (e)(1)(D) above.
- (3) CARGO HANDLING. — Cargo handling equipment powered by –
 - (A) electricity;
 - (B) fuel cells;
 - (A) hybrid-electric technologies with significant zero-emission range, which may use range extenders powered by diesel, natural gas, fuel cells or other power sources; “significant zero-emission range” shall be determined by the Administrator of the EPA so as to encompass a substantial portion of typical daily service; or
 - (C) any other technology satisfying the criteria in paragraph (e)(1)(D) above.

Proposal 2. Grant Program for Development, Demonstration and Deployment of Advanced Freight Transport Technologies (New)

- (a) GRANT PROGRAM AUTHORIZATION. – There shall be authorized \$50 million per year for five years to fund eligible projects and programs to develop and demonstrate Advanced Freight Transport Technologies (as defined in Proposal 1), and provide incentives for commercialization and deployment in major freight corridors to support broad markets for advanced technologies.
- (b) ELIGIBLE PROJECTS AND PROGRAMS. — Projects and programs eligible for funding under this section shall be undertaken by a state or local government in partnership with academic or industry participants, and shall be designed to –
 - (1) develop, improve, or expand applications for Advanced Freight Transport Technologies;

- (2) implement prototype demonstrations, or larger scale demonstrations, of Advanced Freight Transport Technologies;
 - (3) assist in overcoming obstacles to commercialization of Advanced Freight Transport Technologies; or
 - (4) provide incentives for commercialization and deployment of Advanced Freight Transport Technologies in major freight corridors. Incentives under this paragraph may include, but are not limited to, subsidies or financing of the incremental capital cost of Advanced Freight Transport Technologies; discounted tolls for Advanced Technology vehicles; dedicated lanes to expedite access to ports and railyards by Advanced Technology vehicles; and public recognition programs for companies utilizing Advanced Technologies.
- (c) PROCESS AND FUNDING PRIORITIES – The Secretary shall establish a competitive grant program, and shall prioritize funding for projects or programs that involve –
- (1) technology development and demonstration by entities with a history of successful technology advancement, and expertise regarding emission reduction needs in an area substantially impacted by freight emissions;
 - (2) technologies that have potential to provide economic and other co-benefits, including ability to move larger volumes of goods with less energy and emissions, fuel and maintenance cost reductions, improved energy cost certainty, job creation in the United States, and reduction in emissions impacting climate;
 - (3) a variety of technologies in order to support choice for freight carriers;
 - (4) technology deployment in major freight corridors located in areas of the nation that are designated nonattainment under the Clean Air Act and are substantially impacted by freight emissions, with priority for initial deployment in communities that are located near freight facilities and most significantly impacted by local diesel emissions; and
 - (5) leveraging of resources and funds through partnerships with state or local government, industry, academia, nonprofit or foundation, or other sources; and
- (d) MINIMUM FUNDING MATCH.--Eligible projects and programs shall include at least a 20 percent funding match from non-federal sources.
- (e) FEDERAL AGENCY COORDINATION. – The Secretary shall seek to coordinate funding under this section with technology development, demonstration and deployment funding by other federal agencies, to maximize effective and efficient use of resources.

Proposal 3. Grant Program for Fueling and Charging Infrastructure (New)

- (a) GRANT PROGRAM AUTHORIZATION. – There shall be authorized \$50 million each year for five years for the Secretary of Transportation to provide grants for projects or programs that fund installation of fueling and charging infrastructure for trucks, locomotives and cargo handling equipment employing Advanced Freight Transport Technologies (as defined in Proposal 1).
- (b) ELIGIBLE PROJECTS AND PROGRAMS. – Projects and programs eligible for funding under this section shall be undertaken by a state or local government in partnership with industry participants.
- (c) PROCESS AND FUNDING PRIORITIES – The Secretary shall establish a competitive grant program, and shall prioritize funding for projects or programs that involve –
 - (1) deployment along major freight corridors located in areas of the nation that are designated nonattainment under the Clean Air Act and are substantially impacted by freight emissions, with priority for initial deployment in communities that are located near freight facilities and most significantly impacted by local diesel emissions;
 - (2) fueling and charging infrastructure for a variety of technologies in order to support choice for freight carriers; and
 - (3) leveraging of resources and funds through partnerships with state or local government, industry or other sources.
- (d) MINIMUM FUNDING MATCH. -- Eligible projects and programs shall include at least a 20 percent funding match from non-federal sources.
- (e) FEDERAL AGENCY COORDINATION. – The Secretary shall seek to coordinate funding under this section with fueling and charging infrastructure funding by other federal agencies, to maximize effective and efficient use of resources.

Proposal 4. Incentives in Fuel Economy Standards (New)

- (a) INCENTIVES. – The Secretary shall, after consulting with the Administrator of the EPA, ensure that regulations adopted after (date of enactment) pertaining to fuel efficiency for heavy duty trucks are designed to create incentives for deployment of increasing numbers of trucks employing Advanced Freight Transport Technologies (as defined in Proposal 1). Such incentives may take the form of additional credit for trucks employing Advanced Freight Transport Technologies, or any other form of incentive that the Secretary determines is likely to significantly incentivize development and commercialization of such technologies in time to support attainment of ozone air quality standards under the Clean Air Act.
- (b) FUEL AND TECHNOLOGY NEUTRALITY. – Incentive programs under this section shall be designed to be fuel-neutral and technology-neutral.

Proposal 5. Federal Fleets (New)

- (a) The Secretary shall make information available to procurement programs of federal agencies regarding the potential to demonstrate Advanced Freight Transport Technologies funded under this act.
- (b) No later than 18 months after (date of enactment), the *(insert Executive Branch office)* shall establish and publish policies for federal agencies to acquire Advanced Freight Transport Technologies to the maximum extent operationally and financially feasible.

Proposal 6. COMMUTER RAIL TIER 4 LOCOMOTIVE GRANT PROGRAM (New)

- (a) GRANT PROGRAM AUTHORIZATION. – There shall be authorized \$80 million per year for five years for a competitive grant program to assist commuter rail agencies upgrade their fleet to the least-polluting technology by:
 - (1) Replacing existing locomotives that meet but do not exceed the EPA Tier Zero, Tier 1 or Tier 2 emission standards, with locomotives that meet the EPA’s Tier 4 emission standards, or
 - (2) Retrofitting the engines of existing locomotives that meet but do not exceed the EPA Tier Zero, Tier 1 or Tier 2 emission standards, to engines that meet EPA’s Tier 4 emission standards
- (b) ELIGIBILITY – All commuter rail agencies which have begun, as of July 1, 2014, to replace Tier zero, Tier 1 or Tier 2 locomotives with Tier 4 locomotives, and which serve an area designated as nonattainment for PM2.5 and nonattainment for ozone under the Clean Air Act.
- (c) LOCAL SHARE – The local share of 30% shall be calculated on a fleet-wide basis and not a locomotive by locomotive basis. A commuter rail agency shall be deemed to have met the 30% local match if it provides funding for at least 30% of the cost to replace at least 50% of its Tier 0, Tier 1 and Tier 2 locomotives in its fleet as of July 1, 2013, even if those funds have already been expended on Tier 4 locomotives before the enactment of this Act.
- (d) AVAILABILITY OF FUNDS – Any amount made available under this section —
 - (1) Shall remain available to a project for 3 years after the fiscal year for which the amount is made available or appropriated; and
 - (2) That remains unobligated at the end of the period described in paragraph (1) shall be added to the amount made available in the following year.

Proposal 7. Grant Program for Development, Demonstration and Deployment of Advanced Passenger Locomotive Technology (New)

- (a) GRANT PROGRAM AUTHORIZATION. – There shall be authorized \$40 million per year for five years to fund eligible projects and programs to develop and demonstrate advanced passenger locomotive technologies.

- (b) ELIGIBILITY.—
 - (1) Applicants for grants under this section must be commuter rail agency, although they may partner with academic participants, cities, counties, MPOs, state or local air quality agencies, and/or industry participants.
 - (2) Projects and programs eligible for funding under this section shall be designed to –
 - (A) develop, improve, or expand applications for advanced passenger locomotive technologies; or
 - (B) implement prototype demonstrations, or larger scale demonstrations, of advanced passenger locomotive technologies.
- (c) DEFINITION OF ADVANCED PASSENGER LOCOMOTIVE TECHNOLOGIES. -- Advanced Passenger Locomotive Technologies shall mean passenger locomotives powered by –
 - (A) natural gas with advanced emission controls achieving emission levels substantially lower than EPA Tier 4 locomotive standards (as determined by the Administrator of the EPA);
 - (B) fuel cells;
 - (C) an electric battery tender car;
 - (D) hybrid-electric technologies with significant zero-emission range, which may use range extenders powered by diesel, natural gas, fuel cells or other power sources; “significant zero-emission range” shall be determined by the Administrator of the EPA so as to encompass a substantial portion of typical service in nonattainment areas; -
 - (E) a combination of the above or another energy source achieving emissions levels substantially lower than EPA Tier 4 locomotive standards that can reasonably be anticipated to meet performance standards; and
 - (F) refueling and/or recharging infrastructure for locomotives powered by fuels mentioned in subparagraphs (A), (B), (C), (D), or (E).
- (d) MINIMUM FUNDING MATCH.--Eligible projects and programs shall include at least a 20 percent local share. In addition to local funds, eligible match sources include Section 5309 New Starts, Section 5309 Fixed Guideway Modernization, Section 5307 Urbanized Area formula Program, Section 5337 State of Good repair Program Surface Transportation Program and Congestion Mitigation Air Quality Improvement Program. Match source also includes grantee’s previous investments that have a demonstrable link to supporting the grantee’s project under this program.

Proposal 8. Federal Regulations to Implement State Implementation Plans Under the Clean Air Act (New)

This proposal would require EPA to adopt rules to implement the State Implementation Plan (SIP) in circumstances where state and local authority is preempted. Like the above proposals for surface transportation legislation, this proposal would potentially affect equipment involved in freight transport, i.e. interstate trucks and locomotives (in addition to ships and aircraft). This proposal, however, is drafted to amend the Clean Air Act, because the proposal would implement SIPs under

that act. It would need to be determined whether this proposal is sufficiently germane to the surface transportation bill to be included in that legislation.

Add new Subdivision 110(q) to the Clean Air Act, to read as follows:

(a) FEDERAL ATTAINMENT MEASURES. —

- (1) The Administrator shall promulgate regulations applicable to sources within the regulatory authority of the Environmental Protection Agency which shall be sufficient, in conjunction with measures contained in the applicable state implementation plan, to attain all national primary ambient air quality standards throughout the United States by the applicable attainment dates.
- (2) The duty imposed by this subdivision applies if the Administrator concurs with a state's finding in a state implementation plan revision that the state implementation plan includes all feasible measures that are not preempted by federal law, yet one or more nonattainment areas is unable to attain a national ambient air quality standard by the applicable date. The Administrator shall concur with, or disapprove, a state's finding within the time required to act on the implementation plan revision.
- (3) The regulations required by this subdivision may, in the Administrator's discretion, be applicable only to one or more specified states, regions, or nonattainment areas.
- (4) In implementing this subdivision, the Administrator may adopt regulations applicable to motor vehicles and engines, and to non-road vehicles and engines, which are no longer new.

ATTACHMENT 3a

South Coast Air Quality Management District
Legislative Analysis Summary – AB 2013, Muratsuchi
Version: April 2, 2014
Analyst: LA

Assembly Bill 2013 (Muratsuchi) Vehicles: high-occupancy vehicle lanes.

Summary:

This is an urgency bill that would increase, from 40,000 to 85,000, the number of advanced technology partial zero-emission vehicles (enhanced AT PZEVs) allowed access to high-occupancy vehicle (HOV) lanes thru the Green Clean Air Vehicle Sticker program.

Background:

Since 1999, access to highway carpool lanes for single occupant drivers has been an incentive to promote the purchase of cleaner vehicles. There are two kinds of stickers in the Clean Air Vehicle Sticker Program. White Clean Air Vehicle Stickers are available for certified zero emission vehicles - such as electric, hydrogen fuel cell, or compressed natural gas vehicles. The Green Clean Air Vehicle Sticker program was implemented in 2010 to provide such access for up to 40,000 enhanced AT PZEVs (mainly plug-in electric hybrid cars). The new program was originally scheduled to sunset on January 1, 2015, but the sunset was extended last year to January 1, 2019.

As of March 12, 2014, 36,230 green stickers have been issued, and it is expected the current cap will be reached sometime in April 2014. This bill increases the cap on Green Clean Air Vehicle Stickers program to 85,000. The bill indicates this is a level consistent with a now-expired program that provided single-occupant HOV lane access to hybrid vehicles (the yellow sticker program).

SCAQMD supported SB 286 (Yee) and AB 266 (Blumenfeld) last year that extended the sunset of the Green Clean Air Vehicle Sticker program. In the future, the program should be reevaluated in order to prioritize the incentives for plug-in electric hybrid cars with the higher amount of electric vehicle miles traveled.

Status: April 1 – Committee on Appropriations. (Ayes 14. Noes 1)

Specific Provisions:

- Increases the cap on Green Clean Air Vehicle Stickers program to 85,000.

Discussion:

The White and Green Clean Air Vehicle Sticker programs support the commercialization and widespread utilization of clean air vehicles. This program is a key component of reducing criteria pollutants in the South Coast Air Basin, which has an extensive and expanding high occupancy vehicle lane network.

Recommended Position: SUPPORT

Support:

Alliance of Automobile Manufacturers (Sponsor)
California Electric Transportation Coalition
California Manufacturers and Technology Association
Ford Motor Company

Opposition: None on file

ATTACHMENT 3b

AMENDED IN ASSEMBLY APRIL 2, 2014

AMENDED IN ASSEMBLY MARCH 17, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2013

Introduced by Assembly Member Muratsuchi

February 20, 2014

An act to amend Section 5205.5 of the Vehicle Code, relating to vehicles, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2013, as amended, Muratsuchi. Vehicles: high-occupancy vehicle lanes.

Existing federal law, until September 30, 2017, authorizes a state to allow specified labeled vehicles to use lanes designated for high-occupancy vehicles (HOVs).

Existing law authorizes the Department of Transportation to designate certain lanes for the exclusive use of HOVs. Under existing law, until January 1, 2019, or until federal authorization expires, or until the Secretary of State receives a specified notice, those lanes may be used by certain vehicles not carrying the requisite number of passengers otherwise required for the use of an HOV lane, if the vehicle displays a valid identifier issued by the Department of Motor Vehicles (DMV). Existing law authorizes the DMV to issue no more than 40,000 of those identifiers.

This bill would increase the number of those identifiers that the DMV is authorized to issue to 85,000.

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

Vote: ~~majority~~^{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 5205.5 of the Vehicle Code is amended
2 to read:

3 5205.5. (a) For purposes of implementing Section 21655.9,
4 the department shall make available for issuance, for a fee
5 determined by the department to be sufficient to reimburse the
6 department for the actual costs incurred pursuant to this section,
7 distinctive decals, labels, and other identifiers that clearly
8 distinguish the following vehicles from other vehicles:

9 (1) A vehicle that meets California’s super ultra-low emission
10 vehicle (SULEV) standard for exhaust emissions and the federal
11 inherently low-emission vehicle (ILEV) evaporative emission
12 standard, as defined in Part 88 (commencing with Section
13 88.101-94) of Title 40 of the Code of Federal Regulations.

14 (2) A vehicle that was produced during the 2004 model-year or
15 earlier and meets California ultra-low emission vehicle (ULEV)
16 standard for exhaust emissions and the federal ILEV standard.

17 (3) A vehicle that meets California’s enhanced advanced
18 technology partial zero-emission vehicle (enhanced AT PZEV)
19 standard or transitional zero-emission vehicle (TZEV) standard.

20 (b) The department shall include a summary of the provisions
21 of this section on each motor vehicle registration renewal notice,
22 or on a separate insert, if space is available and the summary can
23 be included without incurring additional printing or postage costs.

24 (c) The Department of Transportation shall remove individual
25 HOV lanes, or portions of those lanes, during periods of peak
26 congestion from the access provisions provided in subdivision (a),
27 following a finding by the Department of Transportation as follows:

28 (1) The lane, or portion thereof, exceeds a level of service C,
29 as discussed in subdivision (b) of Section 65089 of the Government
30 Code.

31 (2) The operation or projected operation of the vehicles
32 described in subdivision (a) in these lanes, or portions thereof, will
33 significantly increase congestion.

34 (3) The finding shall also demonstrate the infeasibility of
35 alleviating the congestion by other means, including, but not

1 limited to, reducing the use of the lane by noneligible vehicles or
2 further increasing vehicle occupancy.

3 (d) The State Air Resources Board shall publish and maintain
4 a listing of all vehicles eligible for participation in the programs
5 described in this section. The board shall provide that listing to
6 the department.

7 (e) (1) For purposes of subdivision (a), the Department of the
8 California Highway Patrol and the department, in consultation
9 with the Department of Transportation, shall design and specify
10 the placement of the decal, label, or other identifier on the vehicle.
11 Each decal, label, or other identifier issued for a vehicle shall
12 display a unique number, which number shall be printed on, or
13 affixed to, the vehicle registration.

14 (2) Decals, labels, or other identifiers designed pursuant to this
15 subdivision for a vehicle described in paragraph (3) of subdivision
16 (a) shall be distinguishable from the decals, labels, or other
17 identifiers that are designed for vehicles described in paragraphs
18 (1) and (2) of subdivision (a).

19 (f) (1) Except as provided in paragraph (2), for purposes of
20 paragraph (3) of subdivision (a), the department shall issue no
21 more than 85,000 distinctive decals, labels, or other identifiers that
22 clearly distinguish a vehicle specified in paragraph (3) of
23 subdivision (a).

24 (2) The department may issue a decal, label, or other identifier
25 for a vehicle that satisfies all of the following conditions:

26 (A) The vehicle is of a type identified in paragraph (3) of
27 subdivision (a).

28 (B) The owner of the vehicle is the owner of a vehicle for which
29 a decal, label, or other identifier described in paragraph (1) was
30 previously issued and that vehicle for which the decal, label, or
31 other identifier was previously issued is determined by the
32 department, on the basis of satisfactory proof submitted by the
33 owner to the department, to be a nonrepairable vehicle or a total
34 loss salvage vehicle.

35 (C) The owner of the vehicle applied for a decal, label, or other
36 identifier pursuant to this paragraph within six months of the date
37 on which the vehicle for which a decal, label, or other identifier
38 was previously issued is declared to be a nonrepairable vehicle or
39 a total loss salvage vehicle.

1 (g) If the Metropolitan Transportation Commission, serving as
2 the Bay Area Toll Authority, grants toll-free and reduced-rate
3 passage on toll bridges under its jurisdiction to a vehicle pursuant
4 to Section 30102.5 of the Streets and Highways Code, it shall also
5 grant the same toll-free and reduced-rate passage to a vehicle
6 displaying an identifier issued by the department pursuant to
7 paragraph (1) or (2) of subdivision (a).

8 (h) (1) Notwithstanding Section 21655.9, and except as
9 provided in paragraph (2), a vehicle described in subdivision (a)
10 that displays a decal, label, or identifier issued pursuant to this
11 section shall be exempt from toll charges imposed on
12 single-occupant vehicles in high-occupancy toll lanes as described
13 in Section 149.7 of the Streets and Highways Code unless
14 prohibited by federal law.

15 (2) (A) Paragraph (1) does not apply to the imposition of a toll
16 imposed for passage on a toll road or toll highway, that is not a
17 high-occupancy toll lane as described in Section 149.7 of the
18 Streets and Highways Code.

19 (B) On or before March 1, 2014, paragraph (1) does not apply
20 to the imposition of a toll imposed for passage in lanes designated
21 for tolls pursuant to the federally supported value pricing and
22 transit development demonstration program operated pursuant to
23 Section 149.9 of the Streets and Highways Code for State Highway
24 Route 10 or 110.

25 (C) Paragraph (1) does not apply to the imposition of a toll
26 charged for crossing a state-owned bridge.

27 (i) If the Director of Transportation determines that federal law
28 does not authorize the state to allow vehicles that are identified by
29 distinctive decals, labels, or other identifiers on vehicles described
30 in subdivision (a) to use highway lanes or highway access ramps
31 for high-occupancy vehicles regardless of vehicle occupancy, the
32 Director of Transportation shall submit a notice of that
33 determination to the Secretary of State.

34 (j) This section shall become inoperative on January 1, 2019,
35 or the date the federal authorization pursuant to Section 166 of
36 Title 23 of the United States Code expires, or the date the Secretary
37 of State receives the notice described in subdivision (i), whichever
38 occurs first, and, as of January 1, 2019, is repealed, unless a later
39 enacted statute, that becomes operative on or before January 1,

1 2019, deletes or extends the dates on which it becomes inoperative
2 and is repealed.

3 *SEC. 2. This act is an urgency statute necessary for the*
4 *immediate preservation of the public peace, health, or safety within*
5 *the meaning of Article IV of the Constitution and shall go into*
6 *immediate effect. The facts constituting the necessity are:*

7 *In order to ensure, at the earliest possible time, that new owners*
8 *of certain qualifying clean alternative fuel vehicles will be eligible*
9 *for participation in the program, and to provide long-term*
10 *incentives for consumers of clean alternative fuel vehicles, it is*
11 *necessary that this act take effect immediately.*

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ATTACHMENT 3c

South Coast Air Quality Management District
Legislative Analysis Summary – AB 2242 (Perea)
Version: March 28, 2014
Analyst: GS

Assembly Bill 2242 (Perea) Air Quality Improvement Program

Summary:

The goal of AB 2242 would be to clarify that Air Quality Improvement Program (AQIP) funding should be focused on areas where it can have the greatest positive impact on air quality.

Background:

California is home to some of the worst air quality in the nation, negatively impacting the residents. Specifically, air quality in the San Joaquin Valley and South Coast air districts routinely violate U.S. Environmental Protection Agency (EPA) standards, impacting not only quality of life, but being linked to premature death. The AQIP, established by AB 118 (Núñez, 2007), and administered by the California Air Resources Board (ARB), funds “air quality improvement projects relating to fuel and vehicle technologies” it primarily supports “projects to reduce criteria air pollutants, improve air quality, and funds it research to determine and improve the air quality benefits of alternative transportation fuels and vehicles, vessels, and equipment technologies.”

Pursuant to statute, in implementing AQIP, ARB is to “provide preference in awarding funding to those projects with higher benefit-cost scores that maximize the purposes and goals of the AQIP. ARB may also award additional preference as applicable, based on the following criteria:

- (1) Proposed or potential reduction of criteria or toxic air pollutants.
- (2) Contribution to regional air quality improvement
- (3) Ability to promote the use of clean alternative fuels and vehicle technologies
- (4) Ability to achieve climate change benefits in addition to criteria pollutant or air toxic emissions reductions
- (5) Ability to support market transformation of California’s vehicle or equipment fleet to utilize low carbon or zero-emission technologies, and
- (6) Ability to leverage private capital investments.

Programs under AQIP include the Clean Vehicle Rebate Project (CVRP) and incentives for low- and zero-emission trucks and buses. The author, who represents Fresno in the Central Valley, cites the CVRP program as an example of why AQIP needs to be further focused to ensure that air quality problems in our most polluted air districts need to be addressed. The CVRP offers individuals incentives up to \$2,500 to purchase low- or zero-emission vehicles. Each year, CVRP distributes millions of dollars to car buyers in California. Although AQIP funding is intended to improve air quality, the author claims most CVRP rebates are claimed by drivers who live in areas with good air quality.

Status: April 1 – Referred to Committee on Natural Resources

Specific Provisions:

The bill amends Section 44274 (a) of the Health and Safety Code to require that AQIP “shall be focused where the greatest air quality impacts can be identified.”

ATTACHMENT 2c

South Coast Air Quality Management District
Legislative Analysis Summary – AB 2242 (Perea)
Version: March 28, 2014
Analyst: GS

Discussion:

To the extent the bill is intended to better address the health impacts of air pollution, it is consistent with the purpose of AQIP and the mission of SCAQMD and the other air districts. However, the bill's language, parameters or direction to achieve its goal is very general.

The author's office has indicated its willingness to work with stakeholders to better effectuate the purpose of this bill. Discussions regarding the bill have touched on equity between the various regions in the state, base funding levels and the impacts on environmental justice areas, but the consistent underlying focus has been to improve the air quality related health outcomes. To that end, AQIP funding should primarily be allocated based on the severity of air pollution and the number of people impacted, or in technical terms, the population weighted exposure to criteria air pollutants above federal standards for particulate matter (PM 2.5) and Ozone.

**Recommended Position: SUPPORT IF AMENDED or
WORK WITH AUTHOR**

Support: None on file

Opposition: None on file

ATTACHMENT 3d

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2242

Introduced by Assembly Member Perea

February 21, 2014

An act to amend Section ~~40612~~ 44274 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 2242, as amended, Perea. ~~San Joaquin Valley Clean Air Attainment~~ *Air Quality Improvement Program.*

Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purpose of funding air quality improvement projects. Existing law requires the primary purpose of the program to be the funding of projects to reduce criteria air pollutants, and to improve air quality, and to fund research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies.

This bill additionally would require the program to be focused where the greatest air quality impacts can be identified.

~~Existing law establishes the San Joaquin Valley Clean Air Attainment Program for the purpose of the San Joaquin Valley achieving state and federal ambient air quality standards by the earliest practicable date. The program authorizes, in order to provide funding for air pollution control programs, the air pollution control district for that area to increase specified motor vehicle fees and adopt rules and regulations to reduce vehicle trips in order to reduce air pollution from vehicular sources.~~

~~This bill would make a technical, nonsubstantive change to these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

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

1 SECTION 1. Section 44274 of the Health and Safety Code is
2 amended to read:

3 44274. (a) The Air Quality Improvement Program is hereby
4 created. The program shall be administered by the state board, in
5 consultation with the districts. The state board shall develop
6 guidelines to implement the program. Prior to the adoption of the
7 guidelines, the state board shall hold at least one public hearing.
8 In addition, the state board shall hold at least three public
9 workshops with at least one workshop in northern California, one
10 in the central valley, and one in southern California. The purpose
11 of the program shall be to fund, upon appropriation by the
12 Legislature, air quality improvement projects relating to fuel and
13 vehicle technologies. The primary purpose of the program shall
14 be to fund projects to reduce criteria air pollutants, *and to improve*
15 *air quality, and provide funding for and to fund* research to
16 determine and improve the air quality impacts of alternative
17 transportation fuels and vehicles, vessels, and equipment
18 technologies. *The program shall be focused where the greatest air*
19 *quality impacts can be identified.*

20 (b) The state board shall provide preference in awarding funding
21 to those projects with higher benefit-cost scores that maximize the
22 purposes and goals of the Air Quality Improvement Program. The
23 state board also may give additional preference based on the
24 following criteria, as applicable, in funding awards to projects:

25 (1) Proposed or potential reduction of criteria or toxic air
26 pollutants.

27 (2) Contribution to regional air quality improvement.

28 (3) Ability to promote the use of clean alternative fuels and
29 vehicle technologies as determined by the state board, in
30 coordination with the commission.

31 (4) Ability to achieve climate change benefits in addition to
32 criteria pollutant or air toxic emissions reductions.

1 (5) Ability to support market transformation of California's
2 vehicle or equipment fleet to utilize low carbon or zero-emission
3 technologies.

4 (6) Ability to leverage private capital investments.

5 (c) The program shall be limited to competitive grants, revolving
6 loans, loan guarantees, loans, and other appropriate funding
7 measures that further the purposes of the program. Projects to be
8 funded shall include only the following:

9 (1) Onroad and off-road equipment projects that are cost
10 effective.

11 (2) Projects that provide mitigation for off-road gasoline exhaust
12 and evaporative emissions.

13 (3) Projects that provide research to determine the air quality
14 impacts of alternative fuels and projects that study the life-cycle
15 impacts of alternative fuels and conventional fuels, the emissions
16 of biofuel and advanced reformulated gasoline blends, and air
17 pollution improvements and control technologies for use with
18 alternative fuels and vehicles.

19 (4) Projects that augment the University of California's
20 agricultural experiment station and cooperative extension programs
21 for research to increase sustainable biofuels production and
22 improve the collection of biomass feedstock.

23 (5) Incentives for small off-road equipment replacement to
24 encourage consumers to replace internal combustion engine lawn
25 and garden equipment.

26 (6) Incentives for medium- and heavy-duty vehicles and
27 equipment mitigation, including all of the following:

28 (A) Lower emission schoolbus programs.

29 (B) Electric, hybrid, and plug-in hybrid onroad and off-road
30 medium- and heavy-duty equipment.

31 (C) Regional air quality improvement and attainment programs
32 implemented by the state or districts in the most impacted regions
33 of the state.

34 (7) Workforce training initiatives related to advanced energy
35 technology designed to reduce air pollution, including
36 state-of-the-art equipment and goods, and new processes and
37 systems. Workforce training initiatives funded shall be broad-based
38 partnerships that leverage other public and private job training
39 programs and resources. These partnerships may include, though
40 are not limited to, employers, labor unions, labor-management

1 partnerships, community organizations, workforce investment
2 boards, postsecondary education providers including community
3 colleges, and economic development agencies.

4 (8) Incentives to identify and reduce emissions from
5 high-emitting light-duty vehicles.

6 (d) (1) Beginning January 1, 2011, the state board shall submit
7 to the Legislature a biennial report to evaluate the implementation
8 of the Air Quality Improvement Program established pursuant to
9 this chapter.

10 (2) The report shall include all of the following:

11 (A) A list of projects funded by the Air Quality Improvement
12 Account.

13 (B) The expected benefits of the projects in promoting clean,
14 alternative fuels and vehicle technologies.

15 (C) Improvement in air quality and public health, greenhouse
16 gas emissions reductions, and the progress made toward achieving
17 these benefits.

18 (D) The impact of the projects in making progress toward
19 attainment of state and federal air quality standards.

20 (E) Recommendations for future actions.

21 (3) The state board may include the information required to be
22 reported pursuant to paragraph (1) in an existing report to the
23 Legislature as the state board deems appropriate.

24 ~~SECTION 1. Section 40612 of the Health and Safety Code is~~
25 ~~amended to read:~~

26 ~~40612. (a) To provide funding for air pollution control~~
27 ~~programs needed to achieve and maintain state and federal air~~
28 ~~quality, the district may do both of the following:~~

29 ~~(1) Notwithstanding the limits on the amount of the motor~~
30 ~~vehicle fee specified in Sections 44223 and 44225, increase the~~
31 ~~fee established pursuant to these sections to up to, but not~~
32 ~~exceeding, thirty dollars (\$30) per motor vehicle per year for the~~
33 ~~purposes of establishing and implementing incentive-based~~
34 ~~programs to achieve surplus emissions reductions that the district~~
35 ~~determines are needed to remediate air pollution harms created by~~
36 ~~motor vehicles on which the fee is imposed and that are intended~~
37 ~~to achieve and maintain state and federal ambient air quality~~
38 ~~standards required by the federal Clean Air Act (42 U.S.C. Sec.~~
39 ~~7401 et seq.). Except for the amount of the fee, any increase shall~~
40 ~~be subject to Chapter 7 (commencing with Section 44220) of Part~~

1 ~~5, including, but not limited to, the adoption of a resolution~~
2 ~~providing for both the fee increase and a corresponding program~~
3 ~~for expenditure of the moneys raised by the increased fees for the~~
4 ~~reduction of mobile source emissions.~~

5 ~~(2) Notwithstanding Section 40717.9, adopt rules and regulations~~
6 ~~to reduce vehicle trips in order to reduce air pollution from~~
7 ~~vehicular sources.~~

8 ~~(b) Fees adopted pursuant to this section are in addition to any~~
9 ~~other fees imposed by the district, and may be charged in any of~~
10 ~~fiscal years 2009–10 to 2023–24, inclusive. Fees may be assessed~~
11 ~~after the 2012–13 fiscal year only if the United States~~
12 ~~Environmental Protection Agency approves the district’s proposed~~
13 ~~reclassification of its nonattainment status for ozone from severe~~
14 ~~to extreme. The fees adopted pursuant to this section are for the~~
15 ~~district portion of the total amount needed to achieve and maintain~~
16 ~~state and federal ambient air quality standards. At least ten million~~
17 ~~dollars (\$10,000,000) shall be used to mitigate the impacts of air~~
18 ~~pollution on public health and the environment in~~
19 ~~disproportionately impacted environmental justice communities~~
20 ~~in the San Joaquin Valley. The district board shall convene an~~
21 ~~environmental justice advisory committee, selected from a list~~
22 ~~given to the board by environmental justice groups from the San~~
23 ~~Joaquin Valley, to recommend the neighborhoods in the district~~
24 ~~that constitute environmental justice communities, and how to~~
25 ~~expend funds within these communities.~~

26 ~~(e) (1) The fees adopted pursuant to this section shall become~~
27 ~~effective after the state board makes both of the following findings:~~

28 ~~(A) The district has undertaken all feasible measures to reduce~~
29 ~~nonattainment air pollutants from sources within the district’s~~
30 ~~jurisdiction and regulatory control.~~

31 ~~(B) The district has notified the state board that fees have been~~
32 ~~adopted pursuant to this section and provided the state board with~~
33 ~~an estimate of the total funds that will be provided annually by~~
34 ~~each of those fees.~~

35 ~~(2) The state board shall file a written copy of its findings made~~
36 ~~pursuant to this subdivision with the Secretary of State within two~~
37 ~~days of its determination.~~

38 ~~(3) The fees adopted pursuant to this section shall be collected~~
39 ~~nine months after the requirements of paragraph (2) are met.~~

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ATTACHMENT 3e

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1204 (Lara & Pavley)
Bill Version: As amended on March 24, 2014
PC – April 3, 2014

Senate Bill 1204 (Lara and Pavley)

California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

Summary: This bill would create the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, funded by cap and trade revenues, to incentivize the deployment of zero and near-zero emission heavy-duty trucks, public transit buses, and off-road equipment, with preference given to projects in disadvantaged communities.

Background: In 2006, the Legislature approved the Global Warming Solutions Act (AB 32), which seeks to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020. Existing law requires all revenues, except for fines and penalties, collected by the California Air Resources Board (ARB) from cap and trade funds, to be deposited in the Greenhouse Gas Reduction Fund, and to be used upon appropriation by the State Legislature.

California is a leader in climate policy, but more work must be done to meet air quality goals and requirements. The author argues that clean up of the transportation system is critical to meeting the goals of AB 32 and ensuring healthier communities. Currently, 70% of the criteria air pollution and 40% of the state's contribution to climate pollution comes from transportation. In order to meet federal and state clean air mandates, California must reduce emissions by 90% by the mid-2030s.

Medium and heavy-duty trucks, buses, and off-road equipment are a major source of air pollution and GHG emissions in California. Although the movement of freight is a critical part of the state and national economy, with 40% of national imports coming through the ports of Los Angeles and Long Beach, it represents an especially pressing pollution problem. Freight is the largest source of diesel particulate pollution and ozone-causing nitrogen oxide emissions in California. Further, trucks, buses and off-road equipment are also responsible for a large and growing share of GHG emissions. For example, the I-710 Freeway corridor, a 17 mile stretch from the Port of Long Beach to East Los Angeles, is ranked number one for the dirtiest air in the country. Communities adjacent to heavy transportation corridors, such as the I-710, have higher rates of asthma, cancer and birth defects as a consequence of breathing such poor air quality.

Cleaner trucks, buses, and off-road equipment would provide significant air quality and health benefits for the state and especially for the local communities most heavily impacted by air pollution and toxics. However, cleaner technologies for this sector lag behind the passenger car market and many clean options are still in the early stages of demonstration and commercialization. The lack of commercially available options is impeding the transition to zero-emission trucks and buses and stifling the potential for critical health benefits for disadvantaged communities.

Status: 4/2/14 From T & H committee: Do pass and re-refer to Com. on E.Q. (Ayes 11. Noes 0.) (April 1). Re-referred to Com. on E.Q.

Specific Provisions: Specifically, this bill would:

1. Create the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, funded from cap and trade revenues, to incentivize the deployment of zero and near-zero emission heavy-duty trucks, public transit buses, and off-road equipment;

2. Provide that the Program shall fund development, demonstration, pilot deployment, and commercial deployment of zero- and near-zero emission truck, bus, and off-road vehicle and equipment technologies;
3. Provide that priority shall be given to projects located in disadvantaged communities; and
4. Provide that this Program would be administered by ARB in conjunction with the State Energy Resources Conservation and Development Commission.

Discussion:

The author purports that this bill would provide additional needed investments to deploy clean technologies for medium and heavy duty vehicles. The bill would specifically target projects in disadvantaged communities, which are directly impacted by poor air quality. Further, the author states that this bill would foster the development of technology that would allow Californians to breathe cleaner air while reducing any financial burden that might be associated with a transition to zero emission trucks, buses and off-road equipment.

This bill is in line with SCAQMD's policy priorities regarding reducing criteria pollutant and toxic emissions from mobile sources within the South Coast region, and in particular within environmental justice communities that suffer from disproportionate and localized impacts from such emissions. This bill would help facilitate a critical progression towards zero and near-zero emission medium and heavy-duty vehicles that can help protect public health and enable the South Coast region to reach attainment of federal ambient air quality standards by the necessary deadlines.

Recommended Position: SUPPORT

ATTACHMENT 3f

AMENDED IN SENATE MARCH 24, 2014

SENATE BILL

No. 1204

Introduced by Senators Lara and Pavley

February 20, 2014

An act to add Section 39719 to the Health and Safety Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 1204, as amended, Lara. California Clean Truck ~~and~~, Bus, *and Off-Road Vehicle and Equipment Technology Program.*

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified purposes.

This bill would create the California Clean Truck ~~and~~, Bus, *and Off-Road Vehicle and Equipment Technology Program*, to be funded from cap and trade revenues, to fund zero- and near-zero emission truck ~~and zero-emission~~, bus, *and off-road vehicle and equipment technology* and related projects, as specified, with preference to be given to projects in disadvantaged communities. The program would be administered by the state board, *in conjunction with the State Energy Resources Conservation and Development Commission.*

Vote: majority. 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 39719 is added to the Health and Safety
2 Code, to read:

3 39719. (a) The California Clean Truck and, Bus, and Off-Road
4 Vehicle and Equipment Technology Program is hereby created, to
5 be administered by the state board *in conjunction with the State*
6 *Energy Resources Conservation and Development Commission.*
7 *The program, from moneys appropriated from the fund for*
8 *purposes of the program, shall fund development, demonstration,*
9 *pilot deployment, and commercial deployment of zero- and*
10 *near-zero emission truck, bus, and off-road vehicle and equipment*
11 *technologies. Priority shall be given to projects located in*
12 *disadvantaged communities pursuant to the requirements of*
13 *Sections 39711 and 39713.*

14 ~~(b) From funds appropriated from the fund for that purpose, the~~
15 ~~state board shall establish a focused medium- and heavy-duty truck~~
16 ~~deployment program, with an emphasis on technology development~~
17 ~~and demonstration for zero- and near-zero emissions goods~~
18 ~~movement. Eligible projects under this subdivision shall include,~~
19 ~~but not be limited to, targeted early stage technological~~
20 ~~development funding, small scale pilot demonstrations of new~~
21 ~~technologies, and larger, commercial scale demonstrations of trucks~~
22 ~~operating in real world conditions. Funding made available under~~
23 ~~this subdivision shall complement existing efforts in this area at~~
24 ~~the State Energy Conservation and Development Commission and~~
25 ~~the state board. Preference shall be given to disadvantaged~~
26 ~~communities pursuant to the requirements of Sections 39711 and~~
27 ~~39713.~~

28 ~~(c) From funds appropriated from the fund for that purpose, the~~
29 ~~state board shall establish an emerging technology demonstration~~
30 ~~program for zero-emission buses to be used in public transportation.~~
31 ~~Eligible projects to be funded under the program include projects~~
32 ~~recommended by public transit agencies to demonstrate and deploy,~~
33 ~~as part of their fleets, advanced fueled vehicles and associated~~
34 ~~infrastructure. The objective of the program shall be to demonstrate~~
35 ~~zero-emission bus technology at a commercial scale, in order to~~
36 ~~clear the path for broader deployment of zero-emission bus~~
37 ~~technology throughout the state. Preference shall be given to~~

1 ~~disadvantaged communities pursuant to the requirements of~~
2 ~~Sections 39711 and 39713.~~

3 (b) *The program shall fund projects in each of the following*
4 *areas:*

5 (1) *Zero- and near-zero emission medium- and heavy-duty truck*
6 *technology development, demonstration, and pilot deployment.*

7 (2) *Zero- and near-zero emission buses. The program shall fund*
8 *pilot deployments to demonstrate operation of large numbers of*
9 *clean buses in a real world setting, to showcase the following*
10 *issues: (A) these vehicles can make direct impacts in disadvantaged*
11 *communities, (B) transit operators are currently unable to*
12 *economically purchase vehicles of this type because of high costs*
13 *and technological uncertainty, which may be overcome through*
14 *large pilot deployments, and (C) zero- and near-zero emission*
15 *technologies in the bus context, once successfully demonstrated*
16 *on a large scale, may find applications in a wide variety of other*
17 *heavy-duty vehicles in addition to buses. In that connection, the*
18 *state board, in consultation with transit operators, shall develop*
19 *solicitations to fund at least two large scale zero- or near-zero*
20 *emission bus pilot deployment projects of between 10 and 40 buses,*
21 *to be located in or near disadvantaged communities.*

22 (3) *Development, demonstration, and pilot deployment of zero-*
23 *and near-zero emission technologies to be used in off-road vehicles*
24 *and equipment, including, but not limited to, port equipment,*
25 *agricultural equipment, and marine and rail equipment.*

26 (4) *Development of commercially available zero- and near-zero*
27 *emission trucks, buses, and off-road vehicles and equipment using*
28 *streamlined purchase incentives pursuant to the California Hybrid*
29 *and Zero-Emission Truck and Bus Voucher Incentive Project*
30 *(HVIP). The state board shall create a multiyear framework and*
31 *plan for HVIP incentives. The plan shall focus on providing*
32 *incentives for zero- and near-zero emission medium- and*
33 *heavy-duty vehicles as they become commercially available. The*
34 *incentives shall be structured to drive acquisition volumes by*
35 *reducing payback times for these vehicles. The plan shall provide*
36 *long-term certainty about incentives while also remaining flexible*
37 *and open to new technologies. The plan shall also examine*
38 *opportunities to link HVIP vehicle funding with infrastructure*
39 *funding to provide coordinated funding for both vehicles and*
40 *related infrastructure. HVIP incentives for plug-in and*

- 1 *zero-emission vehicles in disadvantaged communities shall be*
- 2 *sufficient to increase sales of the cleanest vehicles in communities*
- 3 *where they are needed most.*

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ATTACHMENT 3g

South Coast Air Quality Management District
Legislative Analysis Summary – SB 1275 (De Leon)
Bill Version: As introduced on February 21, 2014
PC – April 3, 2014

Senate Bill 1275 (De Leon)

Vehicle retirement and replacement: Charge Ahead California Initiative.

Summary: This bill would establish the Charge Ahead California Initiative focused on facilitating the placement of one million light, medium, and heavy-duty electric vehicles (cars, trucks, and buses) on California's roads over the next decade while helping to ensure that all Californians, especially lower income households in communities disproportionately impacted by air pollution, benefit from California's transition to a clean transportation sector and zero tailpipe emissions.

Background: The author states that accelerating the deployment of zero-emission vehicles and providing transportation choices are essential to achieving California's air quality standards and greenhouse gas (GHG) reduction goals. The bill sponsors point out that in order to attain ozone standards required by federal law, nitrogen oxide (NOx) emissions in the South Coast Air Basin must be cut by 80 percent by 2023, and by almost 90 percent by 2032; and that this will require that virtually all light, medium, and heavy-duty vehicles in the region be zero-emission.

Further, clean vehicle choices are particularly critical to reduce air pollution in the most heavily impacted communities. However, the author indicates that there are many barriers to getting such vehicles into low-income neighborhoods, including costs and lack of infrastructure. Yet, the use of electricity as a transportation fuel can help keep money in the state, stimulating the economy and insulating family budgets from gas price spikes, which hit lower income households especially hard. The bill sponsors state that driving on electricity in California is equivalent to paying only one dollar-per-gallon in a gasoline vehicle. California currently accounts for one-third of the entire country's electric vehicle sales. However, transforming the market to benefit all Californians will take a sustained, long term commitment to better serve the state's most polluted communities.

Existing law creates an Enhanced Fleet Modernization Program (EFMP) for the retirement of high polluting vehicles that is administered by the Bureau of Automotive Repair (BAR) per guidelines adopted by the California Air Resources Board (ARB). Existing law requires the program's guidelines to be updated no later than June 30, 2015, to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired.

Existing law also establishes the Air Quality Improvement Program (AQIP) that is administered by ARB and funds projects related to the reduction of criteria air pollutants and improvement of air quality. Per the AQIP, ARB has established the Clean Vehicle Rebate Project (CVRP) to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets purchase hybrid and zero-emission trucks and buses.

Status: 4/2/14 From T. & H. committee: Do pass and re-refer to Com. on RLS. (Ayes 11. Noes 0.) (April 1). Re-referred to Com. on RLS.

Specific Provisions: Specifically, this bill would:

1. Require ARB to ensure that the updated EFMP guidelines include a mobility option (i.e. a voucher for public transit or car sharing), and that the compensation for a mobility option be no less than the combination of what the motor vehicle owner would have received as

compensation toward a replacement vehicle and the amount of an incentive available for a qualified plug-in battery electric vehicle per the CVRP. The bill also would require the updated guidelines to ensure the inclusion of car sharing.

2. Establish the Charge Ahead California Initiative to be administered by ARB, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and public stakeholders.
3. Require ARB to adopt, no later than June 30, 2015, a 9-year funding plan, commencing in the 2016–17 fiscal year, to fund certain programs and projects, including CVRP and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, in order to meet the goal of putting one million cars, trucks and buses on California streets while ensuring that low-income/disadvantaged communities benefit from the transition to a clean transportation sector.
4. Require ARB to adopt, no later than June 30, 2015, revisions to the criteria and guidelines for the CVRP and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project;
5. Modify existing programs and create new programs to further the goal of extending the benefits of electric transportation for disadvantaged and low- and moderate- income communities.
6. Develop pilot projects that incentivize electric car programs in low income neighborhoods, such as car-sharing.
7. Support the installation of charging infrastructure in multi-unit dwellings in disadvantaged communities.

Discussion: The bill sponsors state that current policies and incentives have given California a head-start, but transforming the market to benefit all Californians will take sustained, long-term commitment. This bill represents a comprehensive and long term effort to facilitate the placement of one million light, medium, and heavy-duty electric vehicles (cars, trucks, and buses) on California's roads over the next decade while at the same time working to ensure that lower income households in communities disproportionately impacted by air pollution also benefit directly from this transition to a clean transportation sector.

This bill is in line with SCAQMD's policy priorities regarding reducing criteria pollutant and toxic emissions within the region in order to protect the health of South Coast residents and meet state and federal ambient air quality standards. In addition, it is consistent with SCAQMD's priority to transition vehicles to zero and near zero emissions, and puts an important emphasis on environmental justice concerns, which would greatly benefit the numerous residents within the South Coast region who are disproportionately impacted by localized criteria pollutant and toxic emissions.

Recommended Position: SUPPORT

SCAQMD staff also recommends that it be directed to work with the author to enhance the bill language to incorporate flexibility into the adoption of the 9 year funding plan, in order to anticipate

programmatic changes that will occur over the course of 9 years to maintain effectiveness, thereby allowing for sustained funding despite such changes.

Support:

Coalition for Clean Air (Sponsor)
Communities for a Better Environment (Sponsor)
Environment California (Sponsor)
Greenlining Institute (Sponsor)
NRDC (Sponsor)
American Lung Association
CalPIRG
Environmental Defense Fund (EDF)
Sierra Club
Union of Concerned Scientists

Opposition:

N/A

Introduced by Senator De León

February 21, 2014

An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1275, as introduced, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than the combination of what the motor vehicle owner would have received as compensation toward a replacement vehicle and the amount of a specified incentive available for a qualified plug-in battery electric vehicle. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle

Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and public stakeholders. The bill would require the state board to adopt, no later than June 30, 2015, a 9-year funding plan, commencing in the 2016–17 fiscal year, to fund specified programs and projects; to adopt, no later than June 30, 2015, specified revisions to the criteria and guidelines for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project; and to establish programs that further increase access and direct benefits for disadvantaged and low- and moderate-income communities from electric transportation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Seven of the 10 worst polluted cities in the United States
- 4 are in California. California has the largest proportion of its
- 5 population, over 40 percent, living close or near busy roadways
- 6 and who may be exposed to an elevated risk of air pollution and
- 7 health impacts.
- 8 (b) California’s low-income and disadvantaged populations
- 9 continue to face disproportionate impacts from substandard air
- 10 quality in the form of higher rates of respiratory illnesses,
- 11 hospitalizations, and premature death. Climate change is expected
- 12 also to have disproportionate impacts on disadvantaged,
- 13 low-income, and other vulnerable communities in California.
- 14 (c) Residents and businesses annually spent more than \$70
- 15 billion in transportation fuel bills.
- 16 (d) Cars and trucks are the single largest source of global
- 17 warming pollution in California. They also are the largest
- 18 contributor to air pollution that harms public health.

1 (e) Zero-emission and near-zero-emission vehicles, including
2 light-, medium-, and heavy-duty vehicles and buses, can improve
3 the health and welfare of all residents, especially those in lower
4 income households and disadvantaged communities, by reducing
5 air pollution and greenhouse gas emissions.

6 (f) California businesses stand to benefit from increased
7 deployment of zero-emission and near-zero-emission vehicles
8 through reduced fuel expenditures and reduced pollution exposure
9 to workers and communities.

10 (g) California attracts over half of the nation’s venture capital
11 for clean technology and ranks high among the states in the number
12 of workers and facilities supporting the clean vehicle and electric
13 vehicle industries.

14 (h) Automakers and truck manufacturers are in early
15 commercialization of zero-emission and near-zero-emission
16 vehicles, which can dramatically lower smog and greenhouse gas
17 emissions even when emissions from the production, distribution,
18 and refining of fuels and the generation of electricity are
19 considered.

20 (i) Electric utilities are providing clean renewable electricity in
21 increasing amounts to transportation customers throughout the
22 state. Charging-service providers are beginning to deploy electric
23 vehicle charging infrastructure throughout the state. Expanding
24 the market for zero-emission and near-zero-emission vehicles to
25 under-served markets in California is a priority.

26 (j) Low-carbon transportation has been identified as an eligible
27 investment under the Greenhouse Gas Reduction Fund Investment
28 Plan and Communities Revitalization Act (Chapter 4.1
29 (commencing with Section 39710) of Part 2 of Division 26 of the
30 Health and Safety Code). The act has identified low-carbon freight
31 transport and zero-emission passenger transportation as a
32 recommended area for investment.

33 (k) It is the goal of the state to place in service at least one
34 million zero-emission and near-zero-emission vehicles within eight
35 years and to establish a self-sustaining zero-emission and
36 near-zero-emission vehicle industry in which zero-emission and
37 near-zero-emission vehicles are a viable mainstream option for
38 individual vehicle purchasers, businesses, and public fleets.

39 (l) It is the goal of the state to increase access for disadvantaged
40 and low-income communities to zero-emission and

1 near-zero-emission vehicles and to increase the placement of those
2 vehicles in those communities in order to enhance the air quality,
3 lower greenhouse gases, and promote overall benefits for those
4 communities.

5 (m) It is the intent of the Legislature that this act be consistent
6 with the appropriations processes and criteria established by the
7 Greenhouse Gas Reduction Fund Investment Plan and
8 Communities Revitalization Act (Chapter 4.1 (commencing with
9 Section 39710) of Part 2 of Division 26 of the Health and Safety
10 Code).

11 SEC. 2. Section 44125 of the Health and Safety Code is
12 amended to read:

13 44125. (a) No later than July 1, 2009, the state board, in
14 consultation with the bureau, shall adopt a program to commence
15 on January 1, 2010, that allows for the voluntary retirement of
16 passenger vehicles and light-duty and medium-duty trucks that are
17 high polluters. The program shall be administered by the bureau
18 pursuant to guidelines adopted by the state board.

19 (b) No later than June 30, 2015, the state board, in consultation
20 with the bureau, shall update the program established pursuant to
21 subdivision (a). The program shall continue to be administered by
22 the bureau pursuant to guidelines updated and adopted by the state
23 board.

24 (c) The guidelines shall ensure all of the following:

25 (1) Vehicles retired pursuant to the program are permanently
26 removed from operation and retired at a dismantler under contract
27 with the bureau.

28 (2) Districts retain their authority to administer vehicle
29 retirement programs otherwise authorized under law.

30 (3) The program is available for high polluting passenger
31 vehicles and light-duty and medium-duty trucks that have been
32 continuously registered in California for two years prior to
33 acceptance into the program or otherwise proven to have been
34 driven primarily in California for the last two years and have not
35 been registered in another state or country in the last two years.
36 The guidelines may require a vehicle to take, complete, or pass a
37 smog check inspection.

38 (4) The program is focused where the greatest air quality impact
39 can be identified.

1 (5) (A) Compensation for retired vehicles shall be at least one
2 thousand five hundred dollars (\$1,500) for a low-income motor
3 vehicle owner, as defined in Section 44062.1, and no more than
4 one thousand dollars (\$1,000) for all other motor vehicle owners.

5 (B) Replacement *or a mobility option* may be an option for all
6 motor vehicle owners and may be in addition to compensation for
7 vehicles retired pursuant to subparagraph (A). For low-income
8 motor vehicle owners, as defined in Section 44062.1, compensation
9 *toward a replacement vehicle* shall be no less than two thousand
10 five hundred dollars (\$2,500) *and compensation for the mobility*
11 *option shall be no less than the combination of what the motor*
12 *vehicle owner would have received as compensation toward a*
13 *replacement vehicle and the amount of an incentive available for*
14 *a qualified plug-in battery electric vehicle pursuant to the Clean*
15 *Vehicle Rebate Project, established pursuant to Section 44274.*
16 Compensation for all other motor vehicle owners ~~may~~ shall not
17 exceed compensation for low-income motor vehicle owners.

18 (C) Compensation for either retired or replacement vehicles for
19 low-income motor vehicle owners may be increased as necessary
20 to maximize the air quality benefits of the program while also
21 ensuring participation by low-income motor vehicle owners, as
22 defined in Section 44062.1. Increases in compensation amounts
23 may be based on factors, including, but not limited to, the age of
24 the retired or replaced vehicle, the emissions benefits of the retired
25 or replaced vehicle, the emissions impact of any replacement
26 vehicle, participation by low-income motor vehicle owners, as
27 defined in Section 44062.1, and the location of the vehicle in an
28 area of the state with the poorest air quality.

29 (6) Cost-effectiveness and impacts on disadvantaged and
30 low-income populations are considered. Program eligibility may
31 be limited on the basis of income to ensure the program adequately
32 serves persons of low or moderate income.

33 (7) Provisions that coordinate the vehicle retirement and
34 replacement *and mobility option* components of the program with
35 the vehicle retirement component of the bureau's Consumer
36 Assistance Program, established pursuant to other provisions of
37 this chapter, to ensure vehicle owners participate in the appropriate
38 program to maximize emissions reductions.

39 (8) Streamlined administration to simplify participation while
40 protecting the accountability of moneys spent.

1 (9) Specific steps to ensure the vehicle replacement *and mobility*
2 *option* component of the program is available in areas designated
3 as federal extreme nonattainment.

4 (10) A requirement that vehicles eligible for retirement have
5 sufficient remaining life. Demonstration of sufficient remaining
6 life may include proof of current registration, passing a recent
7 smog check inspection, or passing another test similar to a smog
8 check inspection.

9 (d) When updating the guidelines to the program established
10 pursuant to subdivision (a), the state board shall study and consider
11 all the following elements:

12 (1) Methods of financial assistance other than vouchers.

13 (2) An option for automobile dealerships or other used car sellers
14 to accept cars for retirement, provided the cars are dismantled
15 consistent with the requirements of the program.

16 (3) An incentive structure with varied incentive amounts to
17 maximize program participation and cost-effective emissions
18 reductions.

19 (4) Increased emphasis on the replacement of high polluters
20 with cleaner vehicles or the increased use of public transit *and car*
21 *sharing* that results in the increased utilization of the vehicle
22 replacement *and mobility option* component of the program.

23 (5) Increased emphasis on the reduction of greenhouse gas
24 emissions through increased vehicle efficiency or transit *and car*
25 *sharing* use as a result of the program.

26 (6) Increased partnerships and outreach with community-based
27 organizations.

28 (e) *For purposes of this section, the following terms have the*
29 *following meanings:*

30 (1) *“Car sharing” has the same definition as in Section 44258.*

31 (2) *“Mobility option” means a voucher for public transit or car*
32 *sharing.*

33 SEC. 3. Chapter 8.5 (commencing with Section 44258) is added
34 to Part 5 of Division 26 of the Health and Safety Code, to read:

35

36 CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

37

38 44258. For purposes of this chapter, the following terms have
39 the following meanings:

1 (a) “Car sharing” means a model of vehicle rental where users
2 can rent vehicles for short periods of time and users are members
3 that have been preapproved to drive.

4 (b) “Near-zero-emission vehicle” means a light-duty plug-in
5 hybrid electric vehicle or a medium-duty, heavy-duty, or bus hybrid
6 electric vehicle or plug-in hybrid electric vehicle.

7 (c) “Zero-emission vehicle” means a light-duty, medium-duty,
8 heavy-duty, or bus battery electric vehicle or hydrogen fuel cell
9 vehicle.

10 44258.4. (a) The Charge Ahead California Initiative is hereby
11 established and shall be administered by the state board.

12 (b) The state board, in consultation with the State Energy
13 Resources Conservation and Development Commission, districts,
14 and public stakeholders, shall do all of the following:

15 (1) No later than June 30, 2015, adopt a nine-year funding plan,
16 commencing in the 2016–17 fiscal year, to fund programs and
17 projects that include, but are not limited to, any of the following:

18 (A) The Clean Vehicle Rebate Project, established pursuant to
19 Section 44274.

20 (B) The Hybrid and Zero-Emission Truck and Bus Voucher
21 Incentive Project, established pursuant to Article 3 (commencing
22 with Section 44274) of Chapter 8.9.

23 (C) The Advanced Technology Demonstration Projects,
24 established pursuant to Section 44274.

25 (D) Zero-emission and near-zero-emission vehicle fueling
26 infrastructure projects eligible under the Alternative and Renewable
27 Fuel and Vehicle Technology Program, established pursuant to
28 Article 2 (commencing with Section 44272) of Chapter 8.9.

29 (E) Light-duty, medium-duty, and heavy-duty zero-emission
30 and near-zero-emission vehicle deployment projects eligible under
31 the Alternative and Renewable Fuel and Vehicle Technology
32 Program, established pursuant to Article 2 (commencing with
33 Section 44272) of Chapter 8.9.

34 (F) Medium-duty and heavy-duty zero-emission and
35 near-zero-emission vehicle technology demonstration projects
36 eligible under the Alternative and Renewable Fuel and Vehicle
37 Technology Program, established pursuant to Article 2
38 (commencing with Section 44272) of Chapter 8.9.

39 (G) Precommercial demonstration projects of advanced freight
40 technology to move cargo in the state.

1 (H) Programs adopted pursuant to paragraph (4).

2 (2) No later than June 30, 2015, adopt revisions to the criteria
3 and guidelines for the Clean Vehicle Rebate Project, established
4 pursuant to Section 44274, to ensure all of the following:

5 (A) Rebate levels are phased down in multiyear increments
6 based on cumulative sales levels as determined by the state board.

7 (B) Modifications are adopted to both improve effectiveness
8 and ensure that the program better serves persons of low and
9 moderate incomes.

10 (C) Qualified low-income motor vehicle owner participants in
11 the Enhanced Fleet Modernization Program, established pursuant
12 to Article 11 (commencing with Section 44125) of Chapter 5, are
13 eligible for rebates for the purchase of both new zero-emission
14 and near-zero-emission light-duty vehicles that are eligible for
15 rebates under the Clean Vehicle Rebate Project, established
16 pursuant to Section 44274, and used zero-emission and
17 near-zero-emission light-duty vehicles that were eligible for rebates
18 when they were originally purchased.

19 (D) Consideration of the conversion to point-of-sale rebates or
20 other methods to increase participation rates.

21 (3) No later than June 30, 2015, adopt revisions to the criteria
22 and guidelines for the Hybrid and Zero-Emission Truck and Bus
23 Voucher Incentive Project to ensure program eligibility for a truck
24 and bus retrofitted or remanufactured to be a zero-emission or
25 near-zero-emission vehicle.

26 (4) Establish programs that further increase access and direct
27 benefits for disadvantaged and low- and moderate-income
28 communities from electric transportation, including, but not limited
29 to, any of the following:

30 (A) A loan or loss reserve credit enhancement program to
31 increase consumer access to zero-emission and near-zero-emission
32 vehicle financing and leasing options that can help lower
33 expenditures on transportation.

34 (B) Car sharing programs that serve disadvantaged communities
35 and incorporate zero-emission and near-zero-emission vehicles.

36 (C) Deployment of charging infrastructure in multiunit dwellings
37 in disadvantaged communities to remove barriers to zero-emission

- 1 and near-zero-emission vehicle adoption by those who do not live
- 2 in detached homes.

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ATTACHMENT 4

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

LEGISLATIVE REPORT FROM HOME RULE ADVISORY GROUP MEETING OF MARCH 18, 2014

HRAG members present:

Dr. Joseph Lyou, Chairman

Dr. Elaine Chang, SCAQMD

Elizabeth Adams, EPA (participated by phone)

Mike Carroll, Latham & Watkins on behalf of the Regulatory Flexibility Group

Curt Coleman, Southern California Air Quality Alliance

Chris Gallenstein, CARB (participated by phone)

Jayne Joy, Eastern Municipal Water District

Bill LaMarr, California Small Business Alliance

Joy Langford, Vasari Energy Capital

Rongsheng Luo, SCAG (participated by phone)

Stephanie Molen on behalf of Enrique Chiock, Breathe California of L.A. County

Art Montez, AMA International

Bill Quinn, CCEEB

Terry Roberts, American Lung Association of California

David Rothbart, Los Angeles County Sanitation Districts

Lee Wallace, So Cal Gas and SDG&E

SCAQMD staff: Philip Crabbe, Jill Whynot, Bill Wong, and Marilyn Traynor

LEGISLATIVE UPDATE

Philip Crabbe provided the following report on items that were discussed at the Legislative Committee meeting on March 14, 2014:

State

Over 2,000 bills were introduced this legislative year. Combined with the carryover bills from last year, approximately 3,100 bills are currently active.

A new carbon tax/gas tax proposal bill was introduced by Senate President pro Tem Darrell Steinberg. The bill calls for a tax on fuels paid directly by consumers, and in exchange those fuels will not fall under the Cap and Trade Program. The bill is being opposed by the environmental community, transit agencies, and others. SCAQMD has not taken a position on the bill.

The Committee was given an update on AB 1330 (Pérez). Currently only conceptual enhancements and no specific dollar amount increases of penalties have been proposed by SCAQMD. (NOTE: At the last HRAG meeting, Mr. Crabbe had reported as follows: SCAQMD staff has been working with CAPCOA, Speaker Pérez's staff, and environmental groups on language for AB 1330 (Pérez). The bill focuses on seeking to increase penalties for serious serial violators of environmental laws. SCAQMD has provided some draft legislative language for consideration and will continue to work with the author and stakeholders to move toward common language.)

The following bill was taken to the Legislative Committee for consideration:

Bill	Recommended Action
AB 2208 (Allen)-California Environmental Quality Act: Southern California International Gateway Project (SCIG).	Oppose

AB 2208 would preempt legal challenges filed by SCAQMD and others and would streamline the judicial process to facilitate the development of the Southern California International Gateway (SCIG) Project, a proposed project for the construction of a near-dock intermodal rail yard at the Port of Los Angeles. Staff recommended a position of oppose. The Committee approved staff's recommendation. Dr. Lyou noted that his staff at the Coalition for Clean Air was told that the author plans to let the bill sit in the Rules Committee.

Discussion on State Issues

Mr. Montez asked if the situation with the Exide Battery Recycling plant was the driving force behind AB 1330 (Pérez). Ms. Whynot explained that the Chevron Refinery incident in the Bay Area, which sent thousands of people to seek emergency care, may have been the impetus. Mr. Quinn emphasized that CCEEB is interested in being included in the discussions with the air districts, stakeholders, and the Speaker's office on the AB 1330 bill language. Dr. Lyou suggested that CCEEB work directly with the bill's sponsors. Mr. Montez expressed concern that the additional fines may not be a sufficient deterrent to businesses who may view the fines as a cost of doing business. Mr. Crabbe responded that the intended purpose of AB 1330 is to enhance the current law so as to have a more deterrent effect. Mr. Quinn commented that the companies that CCEEB represents strive for 100 percent compliance which is driven by conscience and not by the amount of the penalty. Dr. Lyou added that the SCAQMD's monthly enforcement reports to the Governing Board have shown companies (not represented by CCEEB) that are not in compliance and that have been paying daily fines or are under Orders for Abatement over the period of five to six years. He explained that even if this is not the companies' fault, this situation is not acceptable. He commented that he hopes for a reasonable amendment to the Health and Safety Code that will deter the serial violators.

Federal

Congress is working on the surface transportation reauthorization bill for the successor to MAP-21, which expires in September 2014. There were seven MAP-21 related hearings that occurred recently in Congress, both in the House and Senate. The Senate Environmental Public Works Committee plans to mark up its version of MAP-21 in April (without funding details); the House plans to mark up its version of MAP-21 in early summer; and the Administration will submit its plan regarding MAP-21 to Congress in mid-April. Although not many major revisions to MAP-21 are planned, Congress does plan to add a rail title to the bill. SCAQMD staff presented proposed MAP-21 bill language to the Legislative Committee for discussion. Staff will again present this language to the Legislative Committee, after input is received from various external agencies, at the next meeting for further discussion.

The Senate recently held an all-night session on climate change. In the end, however, this session demonstrated that there are not enough votes to move any federal climate change legislation forward this year.

The House Appropriations Interior Subcommittee will be holding a hearing this month to discuss EPA's budget for Fiscal Year 2015.

The following bills were taken to the Legislative Committee for consideration:

Bill	Recommended Action
S. 488 (Stabenow) Advanced Vehicle Technology Act H.R. 1027 (Peters) of 2013	Support and recommend amendments

S. 488 (Stabenow) and H.R. 1027 (Peters) are companion bills that relate to advanced vehicle technology. The bills would create a program, administered by the U.S. Department of Energy, to provide support for clean vehicle research, development, demonstration, and commercialization. Staff recommended a position of “support and recommend amendments.” The amendments would call for reducing criteria pollutant emissions and achieving zero or near-zero emission engine technologies, rather than just focusing on achieving greater fuel efficiency. The Legislative Committee approved staff’s recommendations.

Discussion on Federal Issues

Mr. Montez was concerned that H.R. 3963, which would require the United States Postal Service to reduce its fleet petroleum consumption by 2% each year over the next 10 years, did not go far enough. Mr. Crabbe responded that he believes there is a Governor’s initiative that is focused on trying to advance a million EVs and on funding infrastructure. Stephanie Molen added that Senator Pavley sponsored a bill that was passed which resulted in a large number of vehicles in the state’s fleet to be changed over to hybrids. Dr. Lyou noted that the California Air Resources Board studied the issue and that legislation was introduced in response to CARB’s study; however, the legislation did not pass. Dr. Lyou added that the Department of Energy Clean Cities Program, which supports local agencies, has also addressed this issue. Mr. Montez asked if SCAQMD has data that show: (1) the total number of in-use vehicles for the local, state, and federal government fleets, and (2) how many of those vehicles have been converted over to cleaner technology. Dr. Lyou asked that Mr. Montez’s question be forwarded to TAO staff for a response.