



South Coast Air Quality Management District



21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

LEGISLATIVE COMMITTEE MEETING

Committee Members

Mayor Pro Tem Michael A. Cacciotti, Chair
Council Member Joe Buscaino, Vice Chair
Senator Vanessa Delgado (Ret.)
Supervisor V. Manuel Perez
Supervisor Janice Rutherford

June 11, 2021 ♦ 9:00 a.m.

Pursuant to Governor Newsom's Executive Orders N-25-20 (March 12, 2020) and N-29-20 (March 17, 2020), the South Coast AQMD Legislative Committee meeting will only be conducted via video conferencing and by telephone. Please follow the instructions below to join the meeting remotely.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION AT BOTTOM OF AGENDA

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Zoom Webinar ID: 995 7405 0701 (applies to all)

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Audience will be able to provide public comment through telephone or Zoom connection during public comment periods.

PUBLIC COMMENT WILL STILL BE TAKEN

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54954.3(a)). If you wish to speak, raise your hand on Zoom or press Star 9 if participating by telephone. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

- **Roll Call**

ACTION ITEM (Item 1):

1. Recommend Position on State Bills
(Motion Requested)
*This item is to seek approval from the committee on staff's recommendation for position on the following bills:
[Attachment 1a-1b]*

<u>Bill#</u>	<u>Author</u>	<u>Bill Title</u>	
AB 1524	O'Donnell	State Air Resources Board: zero-emission drayage trucks: Project 800 initiative	<i>Philip Crabbe III Public Affairs Manager, Legislative, Public Affairs & Media pgs 5-9</i>

DISCUSSION/ACTION ITEMS (Items 2 through 4):

2. Update on South Coast AQMD Board membership legislation
(No Motion Required)
Staff will provide an update on SB 342 (Gonzalez) South Coast Air Quality Management District: Board Membership.
Philip Crabbe III
3. Update on SB 210 (Leyva, 2019)
(No Motion Required)
Staff will provide an implementation status update regarding SB 210 (Leyva, 2019) Heavy-Duty Vehicle Inspection and Maintenance Program.
Philip Crabbe III
4. Update and Discussion on Federal Legislative Issues
(No Motion Required)
*Consultants will provide a brief oral report of Federal legislative activities in Washington DC.
[Attachment 2a-2c - Written Reports]*
*Mark Kadesh
Kadesh & Associates, LLC
pgs 10-11
Gary Hoitsma
Carmen Group
pgs 12-14
Amelia Jenkins
Cassidy & Associates
pgs 15-19
Paul Gonsalves
Joe A. Gonsalves & Son
pgs 20-23
David Quintana
Resolute
pgs 24-28
Ross Buckley
California Advisors, LLC
pgs 29-30*
5. Update and Discussion on State Legislative Issues
(No Motion Required)
*Consultants will provide a brief oral report on State legislative activities in Sacramento.
[Attachment 3a-3c - Written Reports]*

OTHER MATTERS:

6. Other Business

Any member of this body, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter, or may take action to direct staff to place a matter of business on a future agenda. (Govt. Code Section 54954.2)

7. Public Comment Period

At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Legislative Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.

8. **Next Meeting Date** – Friday, August 13, 2021 at 9:00 am.

ADJOURNMENT

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available by contacting Aisha Reyes at (909) 396-3074, or send the request to areyes2@aqmd.gov.

Americans with Disabilities Act and Language Accessibility

Disability and language-related accommodations can be requested to allow participation in the Legislative Committee meeting. The agenda will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Gov't Code Section 54954.2(a)). In addition, other documents may be requested in alternative formats and languages. Any disability or language-related accommodation must be requested as soon as practicable. Requests will be accommodated unless providing the accommodation would result in a fundamental alteration or undue burden to South Coast AQMD. Please contact Aisha Reyes at (909) 396-3074 from 7:00 a.m. to 5:30 p.m., Tuesday through Friday, or send the request to areyes2@aqmd.gov.

INSTRUCTIONS FOR ELECTRONIC PARTICIPATION

Instructions for Participating in a Virtual Meeting as an Attendee

As an attendee, you will have the opportunity to virtually raise your hand and provide public comment.

Before joining the call, please silence your other communication devices such as your cell or desk phone. This will prevent any feedback or interruptions during the meeting.

Please note: During the meeting, all participants will be placed on mute by the host. You will not be able to mute or unmute your lines manually.

After each agenda item, the Chairman will announce public comment.

A countdown timer will be displayed on the screen for each public comment.

If interpretation is needed, more time will be allotted.

Once you raise your hand to provide public comment, your name will be added to the speaker list. Your name will be called when it is your turn to comment. The host will then unmute your line.

Directions for Video ZOOM on a DESKTOP/LAPTOP:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of the screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for Video Zoom on a SMARTPHONE:

- If you would like to make a public comment, please click on the **“Raise Hand”** button on the bottom of your screen.
- This will signal to the host that you would like to provide a public comment and you will be added to the list.

Directions for TELEPHONE line only:

- If you would like to make public comment, please **dial *9** on your keypad to signal that you would like to comment.

South Coast Air Quality Management District
Legislative Analysis Summary – AB 1524 (O'Donnell)
Version: Amended – 5/24/21
Analyst: PC

AB 1524 (O'Donnell)

State Air Resources Board: zero-emission drayage trucks: Project 800 initiative.

Summary: This bill would require the California Air Resources Board (CARB) to extend the Project 800 initiative to provide continued financial incentives to support the ordering of an additional 1,000 to 1,600 zero-emission (ZE) drayage trucks in 2022 to serve California ports.

Background: Nearly 40% of California's greenhouse (GHG) emissions are generated by the transportation sector, which includes both light-duty (passenger) and medium- and heavy-duty fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of criteria pollutants and toxics affecting local air quality and public health.

CARB's existing Drayage Truck Regulation sets emission standards for in-use, heavy-duty diesel-fueled vehicles that transport cargo to and from California's ports and intermodal rail facilities. This regulation expires December 31, 2022. Starting January 1, 2023, drayage trucks are subject to the Truck and Bus Regulation which requires all in-use on-road diesel vehicles, including drayage trucks, to have a 2010 model year emissions equivalent engine. Recognizing this transitional period for advanced clean truck technologies, CARB launched an effort to support ZE drayage trucks with incentives. CARB created the Project 800 initiative to support the deployment of ZE trucks serving California ports by setting a goal of 800 ZE drayage truck orders in 2021. This bill codifies an extension of CARB's efforts by requiring it to extend the Project 800 initiative.

Status: 5/25/2021 Read second time. Ordered to third reading. 5/28/21 #294 A-THIRD READING FILE - ASSEMBLY BILLS

Specific Provisions: Specifically, this bill would:

- 1) Require CARB to extend the Project 800 initiative to provide continued financial incentives to support the ordering of an additional 1,000 to 1,600 ZE drayage trucks in 2022 to serve California ports.
- 2) State the intent of the Legislature that with regard to the extended Project 800 initiative:
 - a. Funding is to come from, but shall not be limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP);
 - b. An additional 1,000 to 1,600 ZE drayage trucks will be ordered by December 31, 2022, by individuals and companies operating drayage trucks that serve California ports and by December 31, 2024, those trucks will begin operating at California ports; and

- c. Funds available for the initiative shall only be provided if the purchaser or entity operating a ZE drayage truck complies with all applicable labor, employment, tax, and health and safety laws at the time of purchase and maintains compliance after.

Impacts on South Coast AQMD's Mission, Operations or Initiatives: The Project 800 Initiative is in place now with 800 drayage trucks expected to have participated by the end of 2021, before this bill will be enacted, if successful. Thus, this bill was amended, as recommended by CARB, to extend Project 800 for an additional 1,000-1,600 ZE drayage trucks for the year 2022. Also, CARB has no mechanism currently in place to verify compliance with labor, employment, and tax laws, and it appears would not be able to develop those mechanisms within the timeframes of this bill. Consequently, this requirement could stall Project 800 and make it difficult to continue the program. This bill may need to be amended to address this issue.

Overall, this bill is in line with South Coast AQMD policy priorities to promote clean technology and protect public health. However, because ZE heavy-duty truck technology is not likely to be available in mass volumes for several years, and it is also very expensive, alternative options such as near-zero emission low NOx trucks will need to be used as well to achieve critical near-term emission reductions. Both types of clean technologies can be used together to achieve both near-term and long-term emission reductions to facilitate attainment of federal air quality standards.

Recommended Position: SUPPORT

Support:

Port of Oakland
California Association of Port Authorities
Port of Los Angeles
Port of Long Beach

ATTACHMENT 1B

AMENDED IN ASSEMBLY MAY 24, 2021

AMENDED IN ASSEMBLY APRIL 19, 2021

AMENDED IN ASSEMBLY MARCH 25, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 1524

Introduced by Assembly Member O'Donnell

February 19, 2021

An act to add Section 44274.3 to the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1524, as amended, O'Donnell. State Air Resources Board: zero-emission drayage trucks: Project 800 ~~Initiative~~. *initiative*.

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 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. *On September 23, 2020, the Governor issued Executive Order No. N-79-20 establishing a goal that 100% of medium- and heavy-duty vehicles in the state be zero emission by 2045 for all operations where feasible, and by 2035 for drayage trucks. The state board created the Project 800 initiative to support the deployment of zero-emission trucks serving California ports by setting a goal of 800 zero-emission drayage truck orders in 2021.*

This bill would require the state board to ~~create~~ *extend* the Project 800 ~~Initiative initiative~~ to provide *continued* financial incentives to support the ~~deployment~~ *ordering* of ~~800~~ *an additional 1,000 to 1,600* zero-emission drayage trucks ~~servicing in 2022 to serve~~ California ports. The bill would ~~state~~ *express* the intent of the Legislature that *an additional 1,000 to 1,600 zero-emission drayage trucks will be ordered by December 31, 2022, and will begin operating at California ports by December 31, 2024, and that funding for the initiative come from from, but shall not be limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.* The bill would require that funds available pursuant to the initiative only be provided if the purchaser or entity operating a *zero-emission* drayage truck is in compliance with all applicable labor, employment, tax, and health and safety laws at the time of the purchase of that drayage truck, and maintains compliance thereafter.

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) In 2020, the State Air Resources Board adopted regulations
- 4 to reduce greenhouse gas emissions from heavy-duty trucks and
- 5 drayage trucks. These regulations include a first-in-the-world rule
- 6 requiring truck manufacturers to transition from diesel trucks and
- 7 vans to electric zero-emission trucks beginning in 2024 and
- 8 requiring every new truck sold in California to be ~~zero-emission~~
- 9 *zero emission* by 2045. The State Air Resources Board approved
- 10 the “Heavy-Duty Low NOx Omnibus Regulation,” which requires
- 11 manufacturers of heavy-duty diesel trucks to comply with tougher
- 12 emission standards, overhaul engine testing procedures, and further
- 13 extend engine warranties to ensure that emissions of oxides of
- 14 nitrogen are reduced to help California meet federal air quality
- 15 standards and critical public health goals.
- 16 (b) Also in 2020, Governor Gavin Newsom issued Executive
- 17 Order No. ~~N-79-20; N-79-20~~, which, among other things, requires
- 18 all drayage trucks in the state to be ~~zero-emission~~ *zero emission*
- 19 by 2035 and sets a number of vehicle emissions goals for the state,

1 including having 100 percent of heavy-duty vehicles in the state
2 ~~be zero-emission~~ *zero emission* by 2045.

3 (c) There are an estimated 30,000 drayage trucks that service
4 ~~California's~~ *California* ports each year. Most of these are used
5 trucks. Used drayage trucks cost around \$50,000. New
6 zero-emission *drayage* trucks *currently* cost over \$350,000. Unless
7 funding is provided to offset the *initial* cost of new zero-emission
8 *drayage* trucks, ~~it will be nearly impossible for individuals and~~
9 ~~small businesses to comply with the new requirement.~~ *higher*
10 *early-market costs will continue to pose a barrier to the adoption*
11 *of zero-emission trucks.*

12 SEC. 2. Section 44274.3 is added to the Health and Safety
13 Code, to read:

14 44274.3. (a) To meet the state's 2035 zero-emission drayage
15 truck goal set forth in Executive Order No. ~~N-79-20~~, *N-79-20*,
16 the state board shall ~~create~~ *extend* the Project 800 ~~Initiative~~
17 *initiative* to provide *continued* financial incentives to support the
18 ~~deployment~~ *ordering* of ~~800~~ *an additional 1,000 to 1,600*
19 zero-emission drayage trucks ~~servng~~ *in 2022 to serve* California
20 ports.

21 (b) With regard to the *extended* Project 800 ~~Initiative~~, *initiative*,
22 it is the intent of the Legislature ~~that~~: *that both of the following*
23 *occur*:

24 (1) Funding for the initiative come from, but ~~is~~ *shall not be*
25 ~~limited to coming from~~, *to*, the Hybrid and Zero-Emission Truck
26 and Bus Voucher Incentive Project.

27 (2) ~~At least 800~~ *An additional 1,000 to 1,600* zero-emission
28 *drayage* trucks will be ordered by ~~June 30~~, *December 31, 2022*,
29 by individuals and companies operating drayage trucks that serve
30 California ports and by ~~June 30~~, *December 31, 2024*, those trucks
31 will begin operating at ~~California's~~ *California* ports.

32 (c) Funds available pursuant to the Project 800 ~~Initiative~~
33 *initiative* shall only be provided if the purchaser or entity operating
34 a *zero-emission* drayage truck is in compliance with all applicable
35 labor, employment, tax, and health and safety laws at the time of
36 the purchase of that drayage truck, and maintains compliance
37 thereafter.

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KADESH & ASSOCIATES

South Coast AQMD Report for the June 2021
Legislative Meeting covering May 2021
Kadesh & Associates

As previously reported, the President's FY22 budget request has been delayed significantly this year. Preliminary topline numbers were released in April, and the White House Office of Management and Budget announced this week that the full budget request will be submitted to Congress and made public on May 27. The latest expectation is that the House will pass a FY22 budget resolution with reconciliation instructions in June or July, which preserves procedural options in the event that the White House and Congressional leadership determine that they will need to use the reconciliation process to get major priorities through the Senate.

During this period before the budget request, Congress has been working through the initial stages of the appropriations process, with the Senate recently joining the House in providing a very brief window to submit earmark requests. The House and Senate Appropriations Committee issued different lists of eligible programs for specific congressional direction, which adds to the number of issues that will need to be worked out as the earmark process is revived and reformed.

The White House continue to discuss the American Jobs Plan infrastructure proposal with Congressional leadership and with key members of the House and Senate. The process remains in flux, with bipartisan talks appearing to center on something around \$1T. Additional counteroffers and additional meetings are expected in the coming days, with the latest offer from Senate Republicans including \$928B over the course of eight years, including \$4B for electric vehicle infrastructure. This is \$257B over baseline, i.e. actually new spending, compared to \$1.7T in new spending in the American Jobs Plan. Initial reporting suggests that some of the Senate Republican plan would be paid for out of unspent COVID funds. And as we have reported before, these bipartisan discussions are only part of the picture. The White House and Congressional leadership still need to decide whether, and when, to use the reconciliation process. They may pair a smaller bipartisan infrastructure bill with a reconciliation bill that includes other pieces of the President's Jobs and Family Plans, or if bipartisan talks drag on without conclusion, they may decide to use reconciliation to avoid a Senate filibuster on something closer to the original Biden proposal.

The Senate Environment and Public Works Committee introduced and quickly approved a surface transportation reauthorization bill this month, the Surface Transportation Reauthorization Act, which includes \$500M for a version of the Clean Corridors program to install charging and clean fuel infrastructure. Many amendments were filed, but very few were considered in the committee process, with most being left for the Senate floor. Importantly, Sen. Padilla, a committee member, agreed to file an amendment that would prioritize nonattainment regions to receive the Clean Corridors program's community grants; other Senators filed many problematic amendments, including one to eliminate the Clean Corridors program completely.

KADESH & ASSOCIATES

Kadesh & Associates Activity Summary-

- Continue to work with South Coast AQMD staff to prioritize and submit timely community-based project requests to the Senate, and to begin planning a briefing for South Coast delegation staff on attainment issues.
- Work with California delegation staff to advocate for air quality grants in the President's budget request.
- Adding cosponsors to key priorities like the Clean Corridors Act and the Climate Smart Ports Act.
- Discussions with South Coast delegation staff and with House and Senate Committee staff on issues of concern to South Coast AQMD such as incentives for medium- and heavy-duty trucks, permitting, air monitoring, the Targeted Airshed Grants program, and other issues.
- Work with House and Senate staff to prioritize South Coast AQMD priorities in legislation under active consideration, including the CLEAN Future Act and the Surface Transportation Reauthorization Act.

Contacts:

Contacts included staff and House Members throughout the CA delegation, especially the authors of priority legislation, members of the South Coast House delegation, and members of key committees. We have also been in touch with Administration staff.

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Carmen Group
I N C O R P O R A T E D

To: South Coast AQMD Legislative Committee
From: Carmen Group
Date: May 27, 2021
Re: Federal Update -- Executive Branch

Surface Transportation Reauthorization: On May 26, the Senate Environment & Public Works Committee voted 20-0 to approve its bipartisan \$303.5 billion five-year surface transportation bill on Highways. Notably the bill includes several provisions of special interest to SCAQMD:

The bill's Climate title provides for the following new programs:

- \$6.4 billion for a new formula program focused on reducing transportation carbon emissions.
- \$2.5 billion for a new grant program focused on building charging and fueling infrastructure. This includes electric, hydrogen, propane, and natural gas.
- \$500 million for a new Healthy Streets grant program to mitigate urban heat islands and improve air quality, among other purposes.
- \$250 million for a program to reduce truck emissions while idling at port facilities.

In addition, the larger bill:

- Makes electric vehicle charging eligible for funding through the Surface Transportation Block Grant Program (STBGP).
- Makes the purchase of medium- or heavy-duty zero-emission vehicles eligible for funding under the Congestion Mitigation and Air Quality Improvement Program (CMAQ).
- Adds new strategies for inclusion in the national freight strategic plan, including strategies “to reduce local air pollution.”
- Directs DOT to issue rulemakings establishing the data elements necessary for States to estimate carbon dioxide emissions from on-road sources and measures for States to support the reduction in such emissions.

Proven Process. Proven Results.™

- Directs DOT to issue a report evaluating emerging alternative fuel vehicles and infrastructure, projecting expectations and needs over the next five years in support of the increased adoption of such vehicles.
- Requires the Comptroller General of the United States to conduct an evaluation of the CMAQ program, including the results and cost-effectiveness of its investments in emissions reductions and the extent to which the program lacks eligibilities for additional project types that would be likely to contribute to higher air quality.

Before the bill can go to the Senate floor in a full reauthorization package, three other committees must approve their related bills: The Banking Committee’s bill on Transit; the Commerce Committee’s bill on Rail and Safety; and the Finance Committee’s bill on Funding.

Meanwhile, the House Transportation & Infrastructure Committee continues to work on its separate more partisan surface transportation reauthorization package which is expected to be marked up sometime in the coming weeks or late in June.

Infrastructure: In the run-up to a soft Memorial Day deadline to reach a bipartisan deal on a larger infrastructure package, negotiations between the White House and key Senate Republicans have been difficult and inconclusive, with strong ideological differences continuing to point in the likely direction that no deal will be reached. However, despite calls by many Congressional Democrats to end the negotiations, the President indicated a willingness to continue talks into the Memorial Day recess and possibly beyond.

On the broad numbers, the President offered to reduce his original \$2.3 trillion proposal to \$1.7 trillion, and Republicans offered to increase their original \$565 billion plan to \$923 billion. But the more intractable differences center upon two things beyond the spending numbers. That would be the wider gulfs that exist over the definition of what should be included in infrastructure ... and how to pay for it. In both cases, what one side wants, the other side says it absolutely cannot have.

State and Local Fiscal Recovery Fund: In May, the Treasury Department released its detailed guidance and information on the distribution of \$350 billion to state and local governments pursuant to provisions in the American Rescue Act enacted in March. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>

EPA Rescinds Key Trump Rulemakings: In May, the EPA rescinded two major rulemakings promulgated in the last year of the previous administration. These were the Benefit-Cost Rule applying to Clean Air Act regulatory actions and a rule establishing procedures for agency guidance documents. In both cases, the EPA determined the rules were unnecessary and overly restrictive.

EPA Works to Reduce Emissions from Homes and Buildings: In May, the EPA announced advancements in the ENERGY STAR program to help “catalyze efforts make high-performing energy efficient technology available to every household in America.” <https://www.energystar.gov/about>

EPA Relaunches Climate Indicators Website: In May, the EPA relaunched its “Climate Change Indicators in the United States” website for the public, which had been shut down by the previous administration. <https://www.epa.gov/climate-indicators>

DOT Expands Loan Eligibility for TOD Projects: The USDOT’s Build America Bureau – billed as the Department’s “one-stop-shop” for innovative finance – issued new guidance in May clarifying that transit-oriented-development (TOD) projects will be eligible for loan financing through both the Transportation Infrastructure Finance & Innovation Act (TIFIA) and Railroad Rehabilitation & Improvement Financing (RRIF) programs.

DOT Announces Expanded “Local Hire” Workforce Pilot Programs: USDOT announced in May the establishment of expanded construction hiring and workforce pilot programs to be managed by the Department’s highway and transit agencies. The programs will give contracting agencies “expanded flexibility to use hiring preferences to enhance workforce development opportunities for those in economically or socially disadvantaged communities.”

FAA Announces Airport Grants: In May the Federal Aviation Administration announced the award of 448 airport infrastructure grants in 49 states worth \$899 million. The total includes \$114 million in COVID Relief bill funds enabling the award of all these grants at a 100-percent federal share.

Department of Energy (Notable Appointment)

Ann Dunkin, Chief Information Officer

(Santa Clara County; Palo Alto Schools; Obama EPA; Dell; Hewlett Packard)

Executive Order Creates New Climate Change Office: The President, by Executive Order in May, established a Climate Change Support Office within the Department of State. The office will support bilateral and multilateral engagement to advance U.S. initiatives to address the global climate crisis.

Executive Order Seeks to Mitigate Climate-Related Financial Risk: The President issued an Executive Order in May directing the White House to develop within 120 days a comprehensive government-wide climate-risk strategy to identify “public and private financing needed to reach economy-wide net-zero emissions by 2050.”

Outreach: Contacts included Senate EPW committee staff and House T&I committee staff on transportation and infrastructure legislation; Treasury Department officials on the American Rescue Act State and Local Fiscal Recovery Fund program; Business group coalition representatives on follow-ups to the April 28 Roundtable meeting including the EPA’s pending ultra-low NOx rulemaking.

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To: South Coast Air Quality Management District
From: Cassidy & Associates
Date: May 27, 2021
Re: May Report

HOUSE/SENATE

The House is not in session this week as it is a committee work week in Members' districts.

The Senate will continue consideration of S. 1260, the U.S. Innovation and Competition Act (USICA). The bill seeks to curb China's influence by (1) establishing a Directorate of Technology and Innovation at the National Science Foundation; (2) directing the Department of Commerce to designate regional technology hubs across the country; and (3) authorizing over \$50 billion to incentivize domestic semiconductor fabrication. The bill also requires sanctions against foreign entities or people that support or engage in cyberattacks on the U.S. on China's behalf. The Senate may pass this bill as early as May 27th.

The Senate Environment and Public Works Committee unanimously reported a bipartisan surface transportation reauthorization bill on May 26th. The bill authorizes \$303.5 billion out of the Highway Trust Fund over five years to improve and repair our highways and bridges, tackle climate change and resilience, facilitate efficient project delivery, and enhance safety and mobility.

The White House plans to release President Biden's more detailed budget on Friday, May 28th. It is expected that the budget request will have more information than the previously released skinny budget but will not include all complete details.

Negotiations on a comprehensive infrastructure package are ongoing. The Biden administration previously gave a soft deadline of Memorial Day to determine if a deal is possible with Senate Republicans on infrastructure. The White House's latest offer highlighted that the two parties are about \$1.5 trillion apart on tax and spending plans.

On April 29, Janet McCabe was sworn in as the 16th EPA Deputy Administrator. On her first day, Deputy Administrator McCabe committed to fulfilling the agency's mission of protecting human health and the environment and supporting the work of EPA's scientists, program staff, regional teams, environmental justice leaders, and all the individuals who support the agency.

Administrator Regan, with Special Presidential Envoy for Climate John Kerry, pressed for action on climate and environmental justice at the G7 Environment Ministers meeting on May 21, hosted virtually by the United Kingdom. Building on President Biden's Earth Day Leaders' Summit on Climate, G7 Ministers committed to a series of actions to reduce greenhouse gas pollution that also support economic opportunities and advance environmental justice. Administrator Regan will meet again in July with Environment Ministers during the G20 Climate and Environment Ministers meeting hosted by Italy.

Cassidy and Associates support in May:

- Facilitated feedback to the office of Rep. Lisa Blunt Rochester on the Public Health Air Quality Act.
- Facilitated feedback to the Energy and Commerce Committee on the CLEAN Future Act, in particular the provisions that track the Public Health Air Quality Act.
- Tracked infrastructure legislation moving in House and Senate.
- Arranged meetings between SCAQMD and key EPA political appointees and staff.
- Tracked relevant tax provisions in Senate Democrats' Clean Energy for America Act, which was marked up on May 26 to include enhanced tax incentives for the purchase of electric vehicles.
- Participated in weekly strategy calls with SCAQMD staff.

IMPORTANT LEGISLATIVE DATES

June

Democrats are expected to use the month of June to work through passing a budget.

July 4, 2021

Potential passage of President Biden's infrastructure plan, although it has been suggested that this date is slipping.

August

Senate Majority Leader Chuck Schumer will attempt to bring Democrats' major elections and ethics bill to the floor by August.

September 6, 2021

Pandemic-related unemployment benefits, and extra \$300 per week in federal jobless benefits will expire.

September 30, 2021

Current government funding expires.

PANDEMIC RESPONSE PROGRAMS AND AUTHORITIES

The U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for state, local, territorial, and Tribal governments.

Treasury also released details on the ways funds can be used to respond to acute pandemic-response needs, fill revenue shortfalls among state and local governments, and support the communities and populations hardest-hit by the COVID-19 crisis. Eligible state, territorial, metropolitan city, county, and Tribal governments will be able to access funding directly from the Treasury Department in the coming days to assist communities as they recover from the pandemic.

The Coronavirus State and Local Fiscal Recovery Funds provide substantial flexibility for each jurisdiction to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest-hit by the crisis. Within the categories of eligible uses listed, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. In addition to allowing for flexible spending up to the level of their revenue loss, recipients can use funds to:

- **Support public health expenditures**, by – among other uses – funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, mental health and substance misuse treatment and certain public health and safety personnel responding to the crisis;
- **Address negative economic impacts caused by the public health emergency**, including by rehiring public sector workers, providing aid to households facing food, housing or other financial insecurity, offering small business assistance, and extending support for industries hardest hit by the crisis
- **Aid the communities and populations hardest hit by the crisis**, supporting an equitable recovery by addressing not only the immediate harms of the pandemic, but its exacerbation of longstanding public health, economic and educational disparities
- **Provide premium pay for essential workers**, offering additional support to those who have borne and will bear the greatest health risks because of their service during the pandemic; and,

- **Invest in water, sewer, and broadband infrastructure**, improving access to clean drinking water, supporting vital wastewater and stormwater infrastructure, and expanding access to broadband internet.

On Monday, May 10, the FDA expanded the emergency use authorization (EUA) for the Pfizer-BioNTech COVID-19 Vaccine to include adolescents 12 through 15 years of age. The FDA amended the EUA originally issued on December 11, 2020, for administration in individuals 16 years of age and older.

The FDA also announced it will convene a virtual meeting of the Vaccines and Related Biological product Advisory Committee (VRBPAC) on June 10 via webcast. During the meeting the agency will provide a status update on our approach to EUA for COVID-19 vaccines intended for use in individuals 12 through 17 years of age. The committee will also discuss the data needed to support an EUA and a biologics license application (BLA) for a COVID-19 vaccine intended for use in children less than 12 years of age. The committee will not discuss any specific products.

Reminders:

- FDA holds weekly Virtual Town Halls on COVID Diagnostics, every Wednesday – from 12:15 to 1:15 pm ET. For more information, click [here](#).
- FDA hosts regular webinars to share information and answer your questions about respirators and other personal protective equipment (PPE). The next webinar will be held on February 23 at 12:00 pm ET. For more information, click [here](#).
- [FDA's Coronavirus Disease 2019 \(COVID-19\)](#) webpage provides the latest news and information.
- FDA's COVID-19 Vaccines webpage at www.fda.gov/covid19vaccines highlights new information as it becomes available.
- For a Vaccine Development 101 click [here](#)
- Emergency Use Authorization for Vaccines Explained can be found [here](#)
- FDA Vaccine Facts - [The Path for a COVID-19 Vaccine from Research to Emergency Use Authorization](#)
- FDA's webpage - [A Closer Look at COVID-19 Diagnostic Testing](#) - provides health care providers and other public health professionals, including those who might purchase COVID-19 tests, with more technical information and resources.

End Date/Program

September 6, 2021

Pandemic-related unemployment benefits, as an extra \$300 per week in federal jobless benefits will expire

March 27, 2025

Special inspector General for Pandemic Recovery

Sept. 30, 2025

Pandemic Response Accountability Committee, Congressional Oversight Commission

AGENCY RESOURCES

USA.gov is cataloging all U.S. government activities related to coronavirus. From actions on health and safety to travel, immigration, and transportation to education, find pertinent actions [here](#). Each Federal Agency has also established a dedicated coronavirus website, where you can find important information and guidance. They include: Health and Human Services ([HHS](#)), Centers of Medicare and Medicaid ([CMS](#)), Food and Drug Administration ([FDA](#)), Department of Education ([DoED](#)), Department of Agriculture ([USDA](#)), Small Business Administration ([SBA](#)), Department of Labor ([DOL](#)), Department of Homeland Security ([DHS](#)), Department of State ([DOS](#)), Department of Veterans Affairs ([VA](#)), Environmental Protection Agency ([EPA](#)), Department of the Interior ([DOI](#)), Department of Energy ([DOE](#)), Department of Commerce ([DOC](#)), Department of Justice ([DOJ](#)), Department of Housing and Urban Development ([HUD](#)), Department of the Treasury ([USDT](#)), Office of the Director of National Intelligence ([ODNI](#)), and U.S. Election Assistance Commission ([EAC](#)).

Helpful Agency Contact Information:

U.S. Department of Health and Human Services – Darcie Johnston (Office – 202-853-0582 / Cell – 202-690-1058 / Email – darcie.johnston@hhs.gov)

U.S. Department of Homeland Security – Cherie Short (Office – 202-441-3103 / Cell – 202-893-2941 / Email – Cherie.short@hq.dhs.gov)

U.S. Department of State – Bill Killion (Office – 202-647-7595 / Cell – 202-294-2605 / Email – killionw@state.gov)

U.S. Department of Transportation – Sean Poole (Office – 202-597-5109 / Cell – 202-366-3132 / Email – sean.poole@dot.gov)



Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

PROFESSIONAL LEGISLATIVE REPRESENTATION

925 L ST. · SUITE 250 · SACRAMENTO, CA 95814-3766

916 441-0597 · FAX 916 441-5061

Email: gonsalves@gonsalvi.com

TO: South Coast Air Quality Management District

FROM: Anthony, Jason & Paul Gonsalves

SUBJECT: Legislative Update – May 2021

DATE: Thursday, May 27, 2021

The month of May marks the kickoff to budget season in Sacramento. On May 14, 2021, Governor Newsom released his May Revision to his January Budget proposal. The Governor announced a record-breaking \$267.8 billion May budget proposal, \$40 billion higher than the one he proposed four months ago, with \$100 billion in surplus funds. Meanwhile, the Senate and Assembly continue to take action in their Budget Subcommittee's in an attempt to meet the June 15th Constitutional Deadline for the Legislature to pass a budget. It is likely that the Legislature will pass their main budget bill by June 15th, continue to work on the budget trailer bills during the summer break, and vote on those budget trailer bills in August.

Additionally, May 14, 2021 was the deadline for policy committees to pass bills and May 21, 2021 was the last day for fiscal committees to pass bills. The legislation that made it out of the Appropriations Committees will now have until June 4, 2021 to pass off their respective floors and to the other house.

The following will provide you with updates of interest to the District:

MAY REVISE

As previously mentioned, Governor Newsom released his revised budget plan that includes stimulus checks for most Californians, an expansion of small business grants and tax credits, \$20 billion in public education investments, \$11 billion in transportation systems, \$7 billion for broadband deployment, and \$5.1 billion in drought support. The revised budget proposal included a number of one-time investments thanks to a record \$75 billion state surplus, as well as an additional \$27 billion in federal relief from the American Rescue Plan. The historic state budget surplus is driven by robust

personal income, and corporation and capital gains tax revenues. State sales tax revenues remain strong.

The May Revision proposes billions in funding towards climate change programs. The ZEV investments in the Governor's proposed Budget and May Revision alone total \$1.8 billion in 2021-22, and \$3.2 billion additional funds over three years. The following will provide you with a summary of the proposed investments:

Zero Emission Vehicles: \$826 million in additional investments that accelerate California's Zero Emission Vehicle Market Development Strategy.

Heavy-Duty Zero Emission Vehicles and Supporting Infrastructure: \$1.4 billion over the next 3 years to deploy over 1,000 zero emission drayage trucks, 1,000 zero emission transit buses, and 1,000 zero emission school buses in underserved rural school districts. This funding builds on \$315 million included in the Governor's Budget for Clean Truck, Bus, and Off-Road Equipment.

Light-Duty Zero Emission Vehicle Adoption: \$650 million over the next 3 years to the Clean Vehicle Rebate Program and statewide expansion of Clean Cars 4 All, with a focus on low-income and disadvantaged communities. This funding is in addition to \$150 million provided in the Governor's Budget Cap and Trade Expenditure Plan.

Zero Emission Vehicle and Infrastructure Manufacturing: \$250 million over 2 years for manufacturing and supply chain grants to expand ZEV manufacturing administered by the Clean Transportation Program.

ZEV Market Development Strategy Implementation: \$5 million to accelerate implementation of the ZEV Market Development Strategy's focus on increasing awareness and access to ZEVs in the hardest to reach communities.

AB 617: The May Revision also proposes adjustments to the Governor's Cap and Trade Expenditure Plan to shift funding included in the 2020-21 early action package to fiscal year 2021-22. This maintains critical investments to protect public health in disadvantaged communities, including \$325 million one-time to support AB 617.

Exide: The May Revision proposes an additional \$291 million (\$31.4 million proposed in the Governor's January Budget) over 3 years, to clean up additional properties with specified lead contamination levels near the former Exide facility in the City of Vernon. To date, the state has provided over \$251 million General Fund for residential cleanup and other costs associated with Exide. The May Revision maintains one-time funding of \$16.5 million for these and future cost recovery efforts. In the event that the funds are fully expended, the May Revision proposes \$132 million one-time General Fund to continue cleanup at the facility.

This is the kickoff to budget negotiations between the Governor, Senate and Assembly. We will continue to keep the District apprised as the budget negotiations continue.

GOVERNOR'S RENEWABLE ENERGY

On May 25, 2021, Governor Newsom joined Secretary of the Interior Deb Haaland, White House National Climate Advisor Gina McCarthy and Under Secretary of Defense for Policy Dr. Colin Kahl to announce an agreement that opens the West Coast for offshore wind development for the first time in history and could help achieve the state's clean energy goals, bolster renewable energy sources and create new jobs and investments in California.

Initial areas identified for offshore wind development could bring up to 4.6 gigawatts (GW) of clean energy to the grid over the next decade, enough to power 1.6 million homes. Under the terms of the agreement, efforts will focus on the use of floating offshore wind platforms with over 95% of the proposed lease sale area located 20 to 30 miles off the California Coast.

As part of the California Comeback Plan, Governor Newsom has proposed \$20 million in funding to support California's offshore wind capacity.

ZEV'S FOR RIDESHARING

On May 20, 2021, the California Air Resources Board (CARB) adopted a regulation requiring that rideshare companies begin electrification of their California fleets starting in 2023. This move is another step towards meeting the state's 2030 climate goal of reducing greenhouse gas (GHG) emissions 40% below 1990 levels, achieving statewide carbon neutrality by 2045, aligning with Governor Newsom's Zero Emission Vehicle Executive Order and fulfilling the state's air quality goals.

The Clean Miles Standard, as implemented by SB 1014 (2018), requires that rideshare companies operating in California meet annual GHG and electrification targets, which will align ridesharing companies with other corporate fleet requirements. By 2030, the regulation would require that rideshare companies achieve a level of zero greenhouse gas emissions and ensure 90% of their vehicle miles are fully electric.

The GHG target can be met in several ways, including by increasing electric miles beyond the 90% target, reducing miles driven without a passenger, or increasing the number of passengers per trip. Rideshare companies can also earn optional GHG credits by investing in sidewalk and bike lane infrastructure that supports active transportation and connecting to transit through integrated trip booking apps.

This regulation aligns with commitments that ridesharing companies have made to transition to zero-emission vehicles by 2030, as well as state and federal incentive programs available to support the transition to zero-emission vehicles. Drivers who lease or buy an EV may apply for the full range of California clean

car incentives rebates such as the Clean Vehicle Rebate Project, the Clean Cars 4 All program and the Clean Fuels Reward, as well as financial incentives from their local utilities and a federal tax credit.

LEGISLATIVE DEADLINES

June 1-4: Floor session only.

June 4: Last day for each house to pass bills introduced in their house.

June 15: Budget Bill must be passed.

July 14: Last day for Policy Committee's to hear bills.

July 16 – August 16: Summer Recess

August 27: Last day for Fiscal Committee's to hear bills.

August 30 – September 10: Floor session only.

September 3: Last day to amend bills on the floor.

September 10: End of session.

RESOLUTE[★]

South Coast Air Quality Management District Legislative and Regulatory Update – May 27, 2021

❖ **Important Dates**

- Jun. 1-4 – Floor session only.
- Jun. 4 – Last day for each house to pass bills introduced in that house.
- Jun. 7 – Committee meetings resume.
- Jun. 15 – Budget bill must be passed by midnight.
- Jul. 14 – Last day for policy committees to meet and reports bills.
- Jul. 16 – Summer Recess begins upon adjournment, provided the Budget has passed.

❖ **RESOLUTE Actions on Behalf of South Coast AQMD.** RESOLUTE partners David Quintana and Jarrell Cook continued their representation of SCAQMD before the State’s Legislative and the Executive branch. Selected highlights of our recent advocacy include:

- Organized and facilitated a meeting between Alice Reynolds, Senior Advisor to Governor Newsom for Energy, and representatives of SCAQMD and other members of a coalition in support the District’s proposal seeking \$750 million in funding to incentives for near zero emissions vehicles and near-term emissions reduction.

❖ **Governor Details New \$100B Budget Proposal.** Governor Gavin Newsom’s May Revision to the budget proposal he set out earlier this year surprised many with an extreme reversal of fortune projected for the state: announcing a \$75.7 billion surplus rather than the presumed \$54 billion deficit. Those funds, combined with an additional, have given the Governor the means to outline a \$100 billion budget proposal.

<p style="text-align: center;">TACKLING CLIMATE CHANGE</p> <p style="text-align: center;">\$5.1 Billion: Drought Resilience</p> <ul style="list-style-type: none"> • \$2.6 Billion: Drinking water, supply, flood resilience <ul style="list-style-type: none"> ◦ Groundwater clean up and recycling ◦ \$200 Million: Pump storage • \$989 Million: Immediate drought support <ul style="list-style-type: none"> ◦ \$300 Million: Small water relief • \$726 Million: Nature based solutions 	<p style="text-align: center;">TACKLING CLIMATE CHANGE</p> <p style="text-align: center;">\$912 Million: An Electric Grid for the 22nd Century</p> <ul style="list-style-type: none"> • Build a cleaner, resilient and reliable electric grid <ul style="list-style-type: none"> ◦ \$375 million - Energy improvements (industrial and food production) ◦ \$350 million - Electric storage projects ◦ \$187 million - Green hydrogen production, offshore wind development
<p style="text-align: center;">TACKLING CLIMATE CHANGE</p> <p style="text-align: center;">\$3.2 Billion: Zero Emissions Vehicles Goal by 2035</p> <ul style="list-style-type: none"> • \$1.7 Billion: Trucks and buses, supporting infrastructure <ul style="list-style-type: none"> ◦ 1,150 Trucks ◦ 1,000 Transit Buses ◦ 1,000 School Buses • \$800 Million: Clean Cars For All and ZEV rebates <ul style="list-style-type: none"> ◦ Targeted rebates • \$500 Million: Infrastructure • \$250 Million: ZEV manufacturing grants 	<p style="text-align: center;">TACKLING CLIMATE CHANGE</p> <p style="text-align: center;">\$1.3 Billion: Climate Resilience Package</p> <ul style="list-style-type: none"> • \$495 million: Partnering with community-driven climate initiatives • \$350 million: Support low-income communities on the frontline of extreme heat with urban greening and emergency efficiency. • \$211 million: Protect communities from sea-level rise and flooding • \$200 million: Capping abandoned oil wells

Newsom’s ‘California Roars Back’ budget includes significant spending on climate change and clean energy. He has identified \$1.3 billion to be used to fund a “climate resilience package,” \$1.8 billion to fund clean transportation programs, and a total of \$3.2 billion spent on zero-emissions vehicle incentives and infrastructure.

Zero Emission Vehicle Package
(\$ in Millions)

Investment Category	Department	Program	Governor's Budget	May Revision 2021-22	Total 2021-22
Low Carbon Transportation & ZEV Strategy	Air Resources Board	Clean Trucks, Buses & Off-Road Equipment	\$315	\$87	\$402
		Clean Cars 4 All & Transportation Equity Projects (\$400 million total)	\$150	\$0	\$150
		Clean Vehicle Rebate Project (\$400 million total)	\$0	\$134	\$134
	Air Resources Board & California Energy Commission	Drayage Trucks & Infrastructure (\$470 million total)	\$0	\$160	\$160
		Drayage Pilot Project	\$0	\$65	\$65
		Transit Buses & Infrastructure (\$290 million total)	\$0	\$100	\$100
		School Buses & Infrastructure (\$450 million total)	\$0	\$150	\$150
	California Energy Commission	Clean Transportation Program/ ZEV Infrastructure	\$500	(\$500)	\$500
		ZEV Manufacturing Grants (\$250 million total)	\$0	\$125	\$125
	GO-Biz	ZEV Market Development Strategy	\$0	\$5	\$5
Total			\$965	\$826	\$1,791

The LAO, however, [estimates](#) that the state only has a \$38 billion surplus. The difference between the Legislature and the Governor’s projections on the money available for new spending on one-time and ongoing programs is likely to be at the center of the budget negotiations this month.

- ❖ **Legislative Leadership Limiting Each Member to 12 Bills.** In late May, both the Senate and Assembly leaders announced that they are limiting members to crossing 12 bills from their house of origin to the opposite house, forcing members mid-way through the session to prioritize the measures they are willing bring to the floor in June.

May 19, 2021

To: Senators
From: President pro Tempore Toni Atkins
Re: 2021 Senate Bill Requirements

After much consideration and collaboration with the Assembly, the Speaker and I have decided to limit members to 12 bills each for the 2021 Legislative year.

This means each Senator and Assemblymember will only be allowed to pass 12 bills to the opposite house (i.e., Senators to the Assembly and Assemblymembers to the Senate).

My office, in conjunction with Senate Rules Committee Staff, will be monitoring the number of bills leaving and entering the Senate to ensure limits are being followed.

According to guidance issued to lawmakers' staff, members will be expected to track their own bills. Bills with co-authors count against the lead author's total measures; however, committee bills do not count towards any lawmakers' total.

- ❖ **Capitol Reopening.** Lawmakers intend to reopen the Capitol on June 15th, consistent with the statewide reopening plans announced by Governor Newsom. However, restrictions will still be in place to limit the potential spread of COVID-19.

Under the tentative plan, Capitol buildings will be limited to 25% capacity—including members of the Senate, Assembly, their staff, Capitol workers, Capitol tenants, and members of the public. Committee rooms will also have limited capacity and remote testimony will continue through the summer.

Social distancing protocols will remain in effect until July 31st. Masks will be required but it is not yet known for how long. A full memo detailing the protocols is expected to be released in early June, following the release of Cal/OSHA's pending regulations in late May.

- ❖ **Budget to Move Forward without Conference Committee.** Lawmakers have indicated that, like in the 2020 legislative session, the budget will move forward without going to a Conference Committee, instead allowing the full Budget Committee to assemble and vote for the proposal negotiated on by the Governor and key leaders in the Legislature. Lawmakers intend to close out subcommittee hearings the week of May 24.

In our discussions with legislators, they have indicated that stakeholders should expect to see a quick appropriation of budget dollars pass in June. However, the details of where and how the money they appropriate will be spent is expected to continue through August through continued negotiation over trailer bills.

- ❖ **Los Angeles Mayor Garcetti Likely to be Appointed as U.S. Ambassador to India.** Early reporting indicates that President Joe Biden will soon announce that he is appointing Los Angeles Mayor Eric Garcetti to be the United States' ambassador to India in the coming weeks. Garcetti's nomination would still need to be confirmed by the Senate.

Garcetti's term as mayor runs until December 2022. His appointment would either trigger a special election or allow the LA City Council to elect to fill the seat until the end of the term.

- ❖ **LA City Council Urges Governor Newsom to Close Aliso Canyon.** In a 14-1 vote, the Los Angeles City Council voted in favor of a resolution by Councilman John Lee that would ask the state to decommission the Aliso Canyon natural gas storage facility. The resolution comes a few weeks after the City Council voted in support of a resolution to close the Playa del Rey natural gas storage facility owned by SoCalGas.

The Aliso Canyon facility experienced a methane gas leak several years ago that lasted for four months, seriously impacting communities in the north San Fernando Valley. Southern California Gas Company asserts that state regulators and independent experts have certified that the facility is safe.

- ❖ **CARB Approves Regulations Limited Uber and Lyft Emissions.** Pursuant to 2018's SB 1014 (Skinner), the California Air Resources Board approved a proposed [Clean Miles Standard](#) regulation that would impose new greenhouse gas targets and requirements for miles driven by electric vehicles by 2030 for ride-hailing companies like Uber and Lyft.

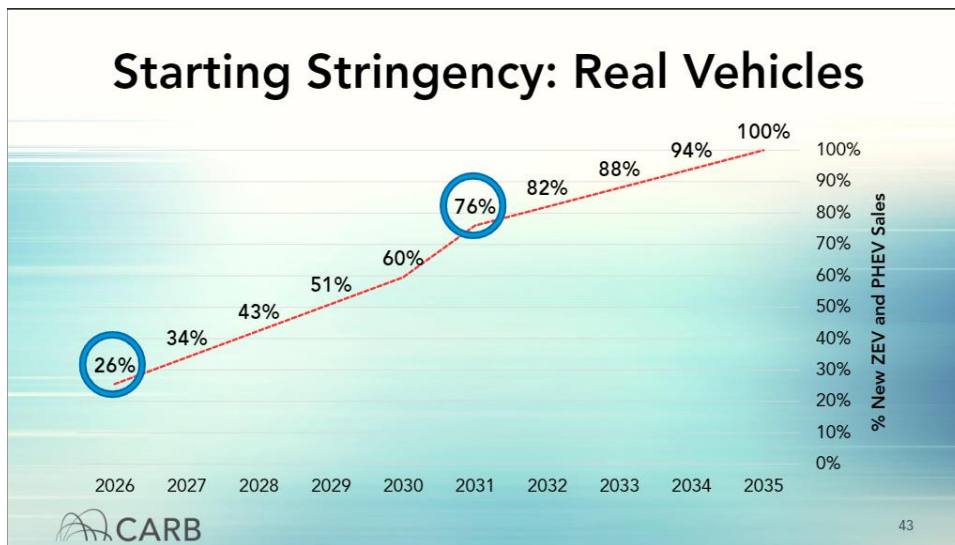
Beginning in 2023, Transportation Network Companies ("TNCs") like Uber must increase the number of miles traveled by electric vehicles on their platforms from the present 2% to 90% by 2030.

Table 6. Annual Electric Vehicle Miles Traveled Targets

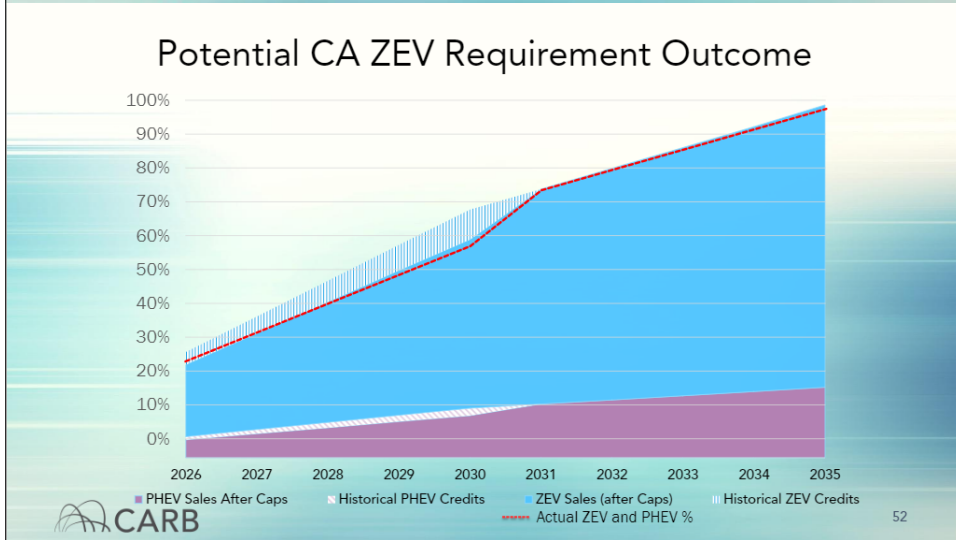
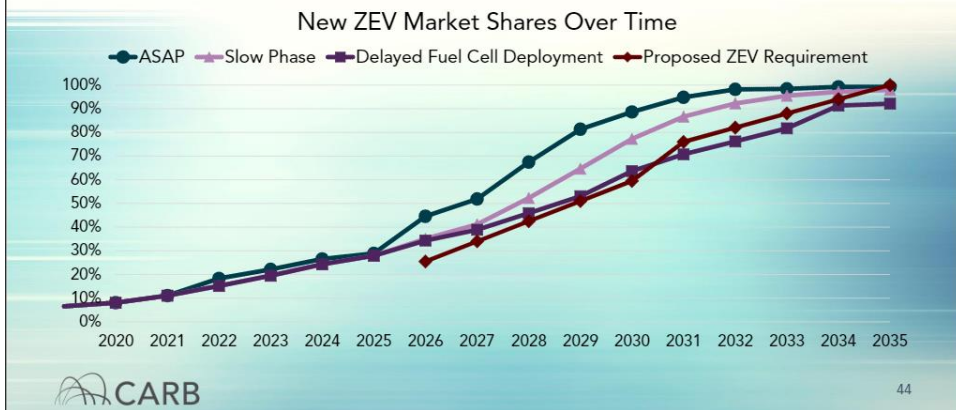
Calendar Year	eVMT
2023	2%
2024	4%
2025	13%
2026	30%
2027	50%
2028	65%
2029	80%
2030+	90%

The California Public Utilities Commission has jurisdiction over TNCs and will enforce CARB's new regulation, in addition to establishing reporting requirements and penalties.

- ❖ **CARB Takes a Step Forward on Advanced Clean Cars II Program.** On May 6, the California Air Resources Board held a [public workshop](#) to provide input on the development of its Advanced Clean Cars II regulations. During this workshop, CARB presented a proposed trajectory detailing how the program could ensure that 76 percent of new-car sales coming from all-electric, fuel cell and plug-in hybrid vehicles by model year 2031 and 100 percent by 2035.



Proposed ZEV requirement plausible with aggressive ZEV model rollouts



The proposal would do so, in part, by reducing the amount of credits automakers receive per vehicle from 3 to 4 to just a single credit that would expire in 5 years.

New ZEV Treatment

- Credits are still the currency of the regulation
- Increase assurance around vehicle numbers to achieve ultimate goal
- Proposal:
 - One ZEV credit per ZEV (BEV or FCEV)
 - 5 year credit life
 - Example: 2026 model year ZEV could satisfy obligation through 2030 model year

The workshop proposals are open for public comment through June 11 and CARB plans to approve a final regulation by June 2022.



CALIFORNIA ADVISORS, LLC

South Coast AQMD Report
California Advisors, LLC
June 11, 2021 Legislative Committee Hearing

General Update

On Friday, May 14th, Governor Gavin Newsom submitted to the Legislature his revised 2021-22 State Budget proposal— which was been deemed the \$100 billion California Comeback Plan. According to the Governor, the plan outlines comprehensive strategies and major investments in the following five areas of focus:

- Providing immediate relief for those hit hardest by the COVID-19 pandemic
- Confronting the homelessness and housing affordability crisis
- Transforming public schools into gateways for opportunity
- Building infrastructure for the next century
- Combating wildfires and tackling climate change

The Governor has said California has a projected \$75.7 billion operating surplus with an additional estimated \$27 billion coming from the federal government. This is to quiet the economic turnaround for the state in just 12 months. However, the windfall is being fueled by a booming stock market and better-than-anticipated tax revenues. Also given California’s tax structure it has allowed the state to enjoy record-high revenues despite widespread job losses that have kept the state’s unemployment rate among the highest in the nation.

The May Revise marks the start of what will be a month of negotiations with legislators. On May 17th, the independent Legislative Analyst's Office (LAO) published its initial comments on the proposal. The analysis suggests that the Governor’s \$75.7 billion figure is slightly misleading because it counts dollars that must be spent on schools and community colleges, reserves, and debt payments. The LAO does not consider these spending amounts as part of the surplus because they must be allocated to specified purposes. Once those obligations are subtracted, the LAO estimates that the state has \$38 billion in discretionary state funds to allocate in the 2021-22 budget process.

On May 20th, both the Senate and the Assembly Appropriations Committees meet to hear bills that have been placed on the “Suspense File.” Each committee has a financial threshold for the bills that will be referred to their respective Suspense Files. These amounts differ slightly between the two houses. However, each year hundreds of proposals meet the criteria for suspense.

At the hearings, the chair of each committee announces which bills will come off the Suspense File and ultimately move to the floor of either house. It should be noted that unlike other committee hearings, there will be no presentation on the bill. Rather, the Chair will go through

the lengthy list of suspense items and simply state which bills have passed and which bills were held. Bills that are held in committee are done for the year.

The appropriations deadline is one of the last steps before we hit the midway point for the Legislative year. The House of Origin deadline is June 4th and bills must be moved out of the house they were introduced in by this date. The first week of June will see both houses meeting to dispense with bills on their respective floors. Leadership from both houses have agreed upon a strict 12 bill limit per legislator.

Political Update

The special election to fill the open 54th Assembly District seat was won by Democratic candidate Isaac Bryan. An updated vote count pushed him over the majority threshold needed to win outright and avoid a runoff. The preliminary figures from the Secretary of State's website show Bryan garnered 50.8 percent of the vote. Fellow Democrat Heather Hutt came in second place with 24.9 percent. It was announced that Mr. Bryan would be sworn in as the newest member of the State Legislature on Friday May 28th.