

AMENDED IN SENATE MAY 18, 2023

AMENDED IN SENATE MARCH 13, 2023

SENATE BILL

No. 84

Introduced by Senator Gonzalez
(Principal coauthor: Assembly Member Reyes)

January 13, 2023

An act to amend Sections 44060.5, 44125, 44272, 44272.4, and 44274 of, and to add Section 44272.1 to, the Health and Safety Code, and to amend Sections 9250.1, 9261.1, and 9853.6 of the Vehicle Code, relating to air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 84, as amended, Gonzalez. ~~Clean Transportation Program: Air Quality Improvement Program: Air quality programs: funding.~~

(1) Existing law creates the Enhanced Fleet Modernization Program to provide compensation for the retirement and replacement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. Existing law requires the Bureau of Automotive Repair to administer the program and the State Air Resources Board to adopt the guidelines for the program. Existing law requires the guidelines to ensure vehicle replacement or a mobility option be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired. Existing law creates the Enhanced Fleet Modernization Subaccount in the High Polluter Repair or Removal Account and makes available, upon appropriation, all moneys in the account to establish, implement, and administer the program.

This bill would require the guidelines to ensure each replacement vehicle in the program be either a plug-in hybrid or zero-emission

vehicle unless the state board makes a specified determination in consultation with the State Energy Resources Conservation and Development Commission, as specified.

(1)

(2) Existing law establishes the Clean Transportation Program, administered by the State Energy Resources Conservation and Development Commission, to provide funding to certain entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. Existing law requires the commission to give preference to those projects that maximize the goals of the program based on specified criteria and to fund specified eligible projects, including, among others, alternative and renewable fuel projects to develop and improve alternative and renewable low-carbon fuels. Existing law creates the Alternative and Renewable Fuel and Vehicle Technology Fund, to be administered by the commission, and requires the moneys in the fund, upon appropriation by the Legislature, to be expended by the commission to implement the program.

This bill would expand the purpose of the program to include developing and deploying innovative technologies that transform California's fuel and vehicle types to help reduce criteria air pollutants and air toxics. The bill would no longer require the commission to provide certain project preferences. The bill would provide that the goals of the program shall be to advance the state's clean transportation, equity, air quality, and climate emission policies and would require the commission to ensure program investments support specified requirements. The bill would require the commission, on and after January 1, 2025, to expend at least 50% of the moneys appropriated to the program on programs and projects that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians, and would require at least 50% of funding for tangible location-based investments to be expended in disadvantaged and low-income communities.

(2)

(3) Existing law establishes the Air Quality Improvement Program under the administration of the State Air Resources Board for the purpose funding air quality improvement projects relating to fuel and vehicle technologies. The primary purpose of the program is to fund projects to reduce criteria air pollutants, improve air quality, and provide funding for research to determine and improve the air quality impacts

of alternative transportation fuels and vehicles, vessels, and equipment technologies. Existing law establishes a list of projects eligible for funding under the program. Existing law creates the Air Quality Improvement Fund, and requires the state board to expend the moneys in that fund, upon appropriation by the Legislature, to implement the Air Quality Improvement Program.

This bill would instead provide that the purpose of the program is to fund air quality improvement projects relating to zero-emission fuel and vehicle technologies and that the primary purpose of the program is to fund projects to reduce criteria air pollutants in the logistics, trucking, *off-road*, *warehouse*, and port sectors, improve air quality in nonattainment basins, and improve the air quality impacts of zero-emission transportation fuels and vehicles, vessels, and equipment technologies. The bill would also revise the list of projects eligible for funding under the program.

(3)

(4) Existing law, until January 1, 2024, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.

Existing law, until January 1, 2024, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those charges in the amounts required to make those deposits until January 1, 2035.

(4)

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

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

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

1 SECTION 1. Section 44060.5 of the Health and Safety Code
2 is amended to read:

1 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
2 described in subparagraph (A) or (C) of paragraph (1) of
3 subdivision (d) of Section 44060 shall be increased by eight dollars
4 (\$8).

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

7 (1) The revenues generated by four dollars (\$4) shall be
8 deposited in the Air Quality Improvement Fund created by Section
9 44274.5.

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

13 (c) This section shall remain in effect only until January 1, 2035,
14 and as of that date is repealed.

15 *SEC. 2. Section 44125 of the Health and Safety Code is*
16 *amended to read:*

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

23 (2) No later than July 1, 2019, the state board shall update the
24 guidelines for the program established pursuant to this subdivision
25 to make applicable to light-duty pickup trucks the same standard
26 for miles per gallon that is applicable to minivans. This subdivision
27 shall apply to only purchasers who are retiring a light-duty pickup
28 truck.

29 (b) Beginning in the 2018–19 fiscal year, and every fiscal year
30 thereafter, the state board, in consultation with the bureau, shall
31 set specific, measurable goals for the retirement of passenger
32 vehicles and light- and medium-duty trucks that are high polluters.

33 (c) (1) The state board, in consultation with the bureau, shall
34 take steps to meet the goals set forth pursuant to subdivision (b).
35 The steps shall include, but need not be limited to, updating the
36 guidelines for both the program and Clean Cars 4 All no later than
37 January 1, 2019.

38 (2) The program shall continue to be administered by the bureau
39 pursuant to guidelines adopted by the state board.

40 (d) The guidelines shall ensure all of the following:

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

4 (2) Districts retain their authority to administer vehicle
5 retirement programs otherwise authorized by law.

6 (3) The program is available for high-polluter passenger vehicles
7 and light-duty and medium-duty trucks that have been continuously
8 registered in California for two years prior to acceptance into the
9 program or otherwise proven to have been driven primarily in
10 California for the last two years and have not been registered in
11 another state or country in the last two years. The guidelines may
12 require a vehicle to take, complete, or pass a smog check
13 inspection.

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

16 (5) The program is focused on achieving improvements to air
17 quality and benefits to low-income state residents through the
18 retirement of high-polluter passenger motor vehicles owned by
19 low-income state residents.

20 (6) (A) Compensation for retired vehicles is at least one
21 thousand five hundred dollars (\$1,500) for a low-income motor
22 vehicle owner and not more than one thousand dollars (\$1,000)
23 for all other motor vehicle owners.

24 (B) Replacement or a mobility option may be an option for all
25 motor vehicle owners and may be in addition to compensation for
26 vehicles retired pursuant to subparagraph (A). For low-income
27 motor vehicle owners, compensation toward a replacement vehicle
28 or mobility option shall be no less than two thousand five hundred
29 dollars (\$2,500). Compensation toward a replacement vehicle for
30 all other motor vehicle owners shall not exceed compensation for
31 low-income motor vehicle owners.

32 (C) Compensation for either retired or replacement vehicles or
33 a mobility option for low-income motor vehicle owners may be
34 increased as necessary to maximize the air quality benefits of the
35 program while also ensuring participation by low-income motor
36 vehicle owners. Increases in compensation amounts may be based
37 on factors, including, but not limited to, the age of the retired or
38 replaced vehicle, the emissions benefits of the retired or replaced
39 vehicle, the emissions impact of any replacement vehicle,

1 participation by low-income motor vehicle owners, and the location
2 of the vehicle in an area of the state with the poorest air quality.

3 *(D) (i) Each replacement vehicle in the program shall be either*
4 *a plug-in hybrid or zero-emission vehicle unless the state board*
5 *determines, in consultation with the State Energy Resources*
6 *Conservation and Development Commission, either of the*
7 *following:*

8 *(I) Electric charging and refueling capabilities are inadequate*
9 *for drivers whose homes are located in rural areas, multifamily*
10 *housing, or other use cases deemed appropriate by the State*
11 *Energy Resources Conservation and Development Commission.*

12 *(II) An adequate supply of affordable plug-in hybrid and*
13 *zero-emission vehicles is not available in the new or secondary*
14 *markets.*

15 *(ii) The state board may use the assessment prepared pursuant*
16 *to Section 25229 of the Public Resources Code, and may consult*
17 *with districts, to make the determination pursuant to clause (i).*

18 (7) Cost-effectiveness and impacts on disadvantaged and
19 low-income populations are considered. Program eligibility may
20 be limited on the basis of income to ensure the program adequately
21 serves persons of low or moderate income.

22 (8) Provisions coordinate the vehicle retirement and replacement
23 and mobility option components of the program with the vehicle
24 retirement component of the bureau's Consumer Assistance
25 Program, established pursuant to other provisions of this chapter,
26 and Clean Cars 4 All to ensure vehicle owners participate in the
27 appropriate program to maximize participation and emissions
28 reductions.

29 (9) Where applicable, there is improved coordination,
30 integration, and partnerships with other programs that target
31 disadvantaged communities and receive moneys from the
32 Greenhouse Gas Reduction Fund, created pursuant to Section
33 16428.8 of the Government Code.

34 (10) Provisions enhance the prescreening of applicants to the
35 program, if determined by the state board to be appropriate.

36 (11) Specific steps ensure the vehicle replacement and mobility
37 option component of the program is available in areas designated
38 as federal extreme nonattainment.

39 (12) A requirement that vehicles eligible for retirement have
40 sufficient remaining life. Demonstration of sufficient remaining

1 life may include proof of current registration, completing a recent
2 smog check inspection, or completing another test similar to a
3 smog check inspection.

4 ~~SEC. 2.~~

5 *SEC. 3.* Section 44272 of the Health and Safety Code is
6 amended to read:

7 44272. (a) The Clean Transportation Program is hereby
8 created. The program shall be administered by the commission.
9 The commission shall implement the program by regulation
10 pursuant to the requirements of the Administrative Procedure Act
11 (Chapter 3.5 (commencing with Section 11340) of Part 1 of
12 Division 3 of Title 2 of the Government Code). The program shall
13 provide, upon appropriation by the Legislature, competitive grants,
14 revolving loans, loan guarantees, loans, or other appropriate
15 funding measures to public agencies, California federally
16 recognized tribes, tribal organizations, vehicle and technology
17 entities, businesses and projects, public-private partnerships,
18 workforce training partnerships and collaboratives, fleet owners,
19 consumers, recreational boaters, and academic institutions to
20 develop and deploy innovative technologies that transform
21 California's fuel and vehicle types to help reduce criteria air
22 pollutants and air toxics and attain the state's climate change
23 policies. The emphasis of this program shall be to develop and
24 deploy technology and alternative and renewable fuels in the
25 marketplace, without adopting any one preferred fuel or
26 technology.

27 (b) The goals of the program shall be to advance the state's
28 clean transportation, equity, air quality, and climate emission
29 policies, including, but not limited to, any of the following:

- 30 (1) Section 39719.2.
- 31 (2) Section 39730.5.
- 32 (3) Section 43024.2.
- 33 (4) Section 44124.5.
- 34 (5) Section 44391.2.
- 35 (6) ~~Section 25529~~ 25229 of the Public Resources Code.
- 36 (7) Section 25327 of the Public Resources Code.
- 37 (8) Section 14517 of the Government Code.

38 (c) On or after January 1, 2025, when developing the investment
39 plan pursuant to Section 44272.5, the commission shall ensure
40 program investments support all of the following:

1 (1) Annually increasing deployment of infrastructure and other
2 projects that advance or support the deployment of medium- and
3 heavy-duty vehicles to meet the clean transportation, equity, air
4 quality, and climate emission goals described in subdivision (b).

5 (2) Annually increasing deployment of light-duty vehicle
6 infrastructure technology to fill deployment gaps identified
7 pursuant to Sections 25229 and 25231 of the Public Resources
8 Code and advance the goals identified in Executive Order No.
9 N-79-20.

10 (d) On and after January 1, 2025, no less than 50 percent of
11 investments expended pursuant to subdivision (a) shall be expended
12 in accordance with Section 44272.1.

13 (e) A project that receives more than seventy-five thousand
14 dollars (\$75,000) in funds from the commission shall be approved
15 at a noticed public meeting of the commission and shall be
16 consistent with the priorities established by the investment plan
17 adopted pursuant to Section 44272.5. Under this article, the
18 commission may delegate to the commission's executive director,
19 or the executive director's designee, the authority to approve either
20 of the following:

21 (1) A contract, grant, loan, or other agreement or award that
22 receives seventy-five thousand dollars (\$75,000) or less in funds
23 from the commission.

24 (2) Amendments to a contract, grant, loan, or other agreement
25 or award as long as the amendments do not increase the amount
26 of the award, change the scope of the project, or modify the purpose
27 of the agreement.

28 (f) The commission shall provide preferences to those projects
29 that maximize the goals of the Clean Transportation Program,
30 based on the following criteria, as applicable:

31 (1) The project's ability to reduce criteria air pollutants and air
32 toxics and reduce or avoid multimedia environmental impacts.

33 (2) The project does not adversely impact the sustainability of
34 the state's natural resources, especially state and federal lands.

35 (3) The project provides nonstate matching funds or the funding
36 is complementary to state or ratepayer investment. Costs incurred
37 from the date a proposed award is noticed may be counted as
38 nonstate matching funds. The commission may adopt further
39 requirements for the purposes of this paragraph. The commission
40 is not liable for costs incurred pursuant to this paragraph if the

1 commission does not give final approval for the project or the
2 proposed recipient does not meet requirements adopted by the
3 commission pursuant to this paragraph.

4 (4) The project provides economic benefits for California by
5 promoting California-based technology firms, jobs, and businesses.

6 (5) The project uses existing or proposed fueling infrastructure
7 to maximize the outcome of the project.

8 (6) The project drives new technology advancement for vehicles,
9 vessels, engines, and other equipment, and promotes the
10 deployment of that technology in the marketplace.

11 (7) The project's ability to transition workers to, or promote
12 employment in, the alternative and renewable fuel and vehicle
13 technology sector.

14 (8) The project is in a nonattainment area pursuant to the federal
15 Clean Air Act (42 U.S.C. Sec. 7401 et seq.), and, if applicable,
16 preference shall be given to projects in the highest designation of
17 nonattainment.

18 (9) The project advances the comprehensive strategy for vehicles
19 pursuant to Section 43024.2.

20 (g) The commission shall rank applications for projects proposed
21 for funding awards based on solicitation criteria developed in
22 accordance with subdivision (f) and shall give additional preference
23 to funding those projects with higher benefit-cost scores.

24 (h) Only the following shall be eligible for funding:

25 (1) Alternative and renewable fuel projects to develop and
26 improve alternative and renewable low-carbon fuels, including
27 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
28 hydrogen, and biomethane, among others, and their feedstocks
29 that have high potential for long-term or short-term
30 commercialization, including projects that lead to sustainable
31 feedstocks.

32 (2) Demonstration and deployment projects that optimize
33 alternative and renewable fuels for existing and developing engine
34 technologies.

35 (3) Projects to produce alternative and renewable low-carbon
36 fuels in California.

37 (4) Projects to decrease the overall impact of an alternative and
38 renewable fuel's life-cycle carbon footprint and increase
39 sustainability.

1 (5) Alternative and renewable fuel infrastructure, fueling
2 stations, and equipment.

3 (6) Projects to develop and improve light-, medium-, and
4 heavy-duty vehicle technologies that provide for better fuel
5 efficiency and lower greenhouse gas emissions, alternative fuel
6 usage and storage, or emission reductions, including propulsion
7 systems, advanced internal combustion engines with a 40 percent
8 or better efficiency level over the current market standard,
9 lightweight materials, intelligent transportation systems, energy
10 storage, control systems and system integration, physical
11 measurement and metering systems and software, development of
12 design standards and testing and certification protocols, battery
13 recycling and reuse, engine and fuel optimization electronic and
14 electrified components, hybrid technology, plug-in hybrid
15 technology, battery electric vehicle technology, fuel cell
16 technology, and conversions of hybrid technology to plug-in
17 technology through the installation of safety certified supplemental
18 battery modules.

19 (7) Programs and projects that accelerate the commercialization
20 of vehicles and alternative and renewable fuels, including
21 buy-down programs through near-market and market-path
22 deployments, advanced technology warranty or replacement
23 insurance, development of market niches, supply-chain
24 development, and research related to the pedestrian safety impacts
25 of vehicle technologies and alternative and renewable fuels.

26 (8) Programs and projects to retrofit medium- and heavy-duty
27 on-road and nonroad vehicle fleets with technologies that create
28 higher fuel efficiencies, including alternative and renewable fuel
29 vehicles and technologies, idle management technology, and
30 aerodynamic retrofits that decrease fuel consumption.

31 (9) Infrastructure projects that promote alternative and renewable
32 fuel infrastructure development connected with existing fleets,
33 public transit, and existing transportation corridors, including
34 physical measurement or metering equipment and truck stop
35 electrification.

36 (10) Workforce training programs related to the development
37 and deployment of technologies that transform California's fuel
38 and vehicle types and assist the state in implementing its climate
39 change policies, including, but not limited to, alternative and
40 renewable fuel feedstock production and extraction; renewable

1 fuel production, distribution, transport, and storage;
2 high-performance and low-emission vehicle technology and high
3 tower electronics; automotive computer systems; mass transit fleet
4 conversion, servicing, and maintenance; and other sectors or
5 occupations related to the purposes of this chapter, including
6 training programs to transition dislocated workers affected by the
7 state's greenhouse gas emission policies, including those from
8 fossil fuel sectors, or training programs for low-skilled workers to
9 enter or continue in a career pathway that leads to middle skill,
10 industry-recognized credentials or state-approved apprenticeship
11 opportunities in occupations related to the purposes of this chapter.

12 (11) Block grants or incentive programs administered by public
13 entities or not-for-profit technology entities for multiple projects,
14 education and program promotion within California, and
15 development of alternative and renewable fuel and vehicle
16 technology centers. The commission may adopt guidelines for
17 implementing the block grant or incentive program, which shall
18 be approved at a noticed public meeting of the commission.

19 (12) Life-cycle and multimedia analyses, sustainability and
20 environmental impact evaluations, and market, financial, and
21 technology assessments performed by a state agency to determine
22 the impacts of increasing the use of low-carbon transportation fuels
23 and technologies, and to assist in the preparation of the investment
24 plan and program implementation.

25 (13) A program to provide funding for homeowners who
26 purchase a plug-in electric vehicle to offset costs associated with
27 modifying electrical sources to include a residential plug-in electric
28 vehicle charging station. In establishing this program, the
29 commission shall consider funding criteria to maximize the public
30 benefit of the program.

31 (i) The commission may make a single source or sole source
32 award pursuant to this section for applied research. The same
33 requirements set forth in Section 25620.5 of the Public Resources
34 Code shall apply to awards made on a single source basis or a sole
35 source basis. This subdivision does not authorize the commission
36 to make a single source or sole source award for a project or
37 activity other than for applied research.

38 (j) The commission may do all of the following:

39 (1) Contract with the Treasurer to expend funds through
40 programs implemented by the Treasurer, if the expenditure is

1 consistent with all of the requirements of this article and Article
2 1 (commencing with Section 44270).

3 (2) Contract with small business financial development
4 corporations established by the Governor's Office of Business and
5 Economic Development to expend funds through the Small
6 Business Loan Guarantee Program if the expenditure is consistent
7 with all of the requirements of this article and Article 1
8 (commencing with Section 44270).

9 (3) Advance funds, pursuant to an agreement with the
10 commission, to any of the following:

11 (A) A public entity.

12 (B) A recipient to enable it to make advance payments to a
13 public entity that is a subrecipient of the funds and under a binding
14 and enforceable subagreement with the recipient.

15 (C) An administrator of a block grant program.

16 (k) The commission shall collaborate with entities that have
17 expertise in workforce development to implement the workforce
18 development components of this section, including, but not limited
19 to, the California Workforce Development Board, the Employment
20 Training Panel, the Employment Development Department, and
21 the Division of Apprenticeship Standards.

22 ~~SEC. 3.~~

23 *SEC. 4.* Section 44272.1 is added to the Health and Safety
24 Code, to read:

25 44272.1. (a) On and after January 1, 2025, the commission
26 shall expend at least 50 percent of the moneys appropriated to the
27 Clean Transportation Program on programs and projects that
28 directly benefit or serve residents of disadvantaged and low-income
29 communities and low-income Californians, and at least 50 percent
30 of the funds for tangible location-based investments shall be
31 expended in disadvantaged and low-income communities. Any of
32 the moneys used for investments that fulfill both criteria shall count
33 toward both requirements.

34 (b) Eligible programs and projects that meet the equity criteria
35 described in subdivision (a) may include, but are not limited to,
36 any of the following:

37 (1) Programs that fill gaps in the equitable distribution of
38 light-duty charging infrastructure identified pursuant to Section
39 25231 of the Public Resources Code, including programs deploying

1 charging or refueling stations at low-income residential and
2 multiunit dwelling locations.

3 (2) Programs deploying publicly accessible or shared charging
4 or refueling stations serving low-income customers who reside in
5 disadvantaged and low-income communities, including programs
6 to promote zero-emission car sharing, zero-emission transit, or
7 vanpooling in those communities.

8 (3) Infrastructure for public transportation and schoolbus
9 electrification programs.

10 (4) Programs that support the deployment of clean medium-
11 and heavy-duty vehicles, including infrastructure deployment and
12 other programs to displace local air pollution that
13 disproportionately burdens disadvantaged and low-income
14 communities.

15 (5) Financing assistance and vehicle purchase, charging, or
16 fueling incentives for customers residing in disadvantaged and
17 low-income communities.

18 (6) Multilingual marketing, education, and outreach designed
19 to increase awareness and adoption of clean mobility options.

20 (7) Programs that create high-quality jobs related to supporting
21 new clean technologies in transportation and reduce household
22 energy burdens related to vehicle charging.

23 (c) The commission shall consult with the disadvantaged
24 community advisory group established pursuant to Section 400 of
25 the Public Utilities Code and the advisory body created pursuant
26 to Section 44272.5 to ensure that this section is effectively
27 implemented.

28 ~~SEC. 4.~~

29 *SEC. 5.* Section 44272.4 of the Health and Safety Code is
30 amended to read:

31 44272.4. (a) Notwithstanding subdivision (d) of Section
32 44272.3, on and after June 30, 2013, a biorefiner receiving loan
33 moneys from the state pursuant to an appropriation made in the
34 2010–11 or 2011–12 fiscal year shall comply with all conditions
35 established pursuant to Section 44272.3 and shall demonstrate that
36 compliance to the commission.

37 (b) On and after July 1, 2013, the eligibility for funding, pursuant
38 to paragraph (1) of subdivision (h) of Section 44272, of projects
39 for the production of ethanol is limited to ethanol that is not derived
40 from corn. This limitation does not apply to ethanol derived from

1 corn stover, leaves, cobs, or other nonedible plant portions of the
2 corn.

3 ~~SEC. 5.~~

4 *SEC. 6.* Section 44274 of the Health and Safety Code is
5 amended to read:

6 44274. (a) The Air Quality Improvement Program is hereby
7 created. The program shall be administered by the state board, in
8 consultation with the districts. The state board shall develop
9 guidelines to implement the program. Prior to the adoption of the
10 guidelines, the state board shall hold at least one public hearing.
11 In addition, the state board shall hold at least three public
12 workshops with at least one workshop in northern California, one
13 in the central valley, and one in southern California. The purpose
14 of the program shall be to fund, upon appropriation by the
15 Legislature, air quality improvement projects relating to
16 zero-emission fuel and vehicle technologies. The primary purpose
17 of the program shall be to fund projects to reduce criteria air
18 pollutants in the logistics, trucking, *off-road*, *warehouse*, and port
19 sectors, improve air quality in nonattainment basins, and improve
20 the air quality impacts of zero-emission transportation fuels and
21 vehicles, vessels, and equipment technologies.

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

27 (1) Proposed or potential reduction of criteria or toxic air
28 pollutants.

29 (2) Contribution to regional air quality improvement.

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

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

35 (5) Ability to support market transformation of California's
36 vehicle or equipment fleet to utilize zero-emission technologies.

37 (6) Ability to leverage private capital investments.

38 (c) The program shall be limited to competitive grants, revolving
39 loans, loan guarantees, loans, and other appropriate funding

1 measures that further the purposes of the program. Projects to be
2 funded shall include only the following:

3 (1) On-road and off-road equipment projects that are cost
4 effective.

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

7 (3) Incentives for small off-road equipment replacement to
8 encourage consumers to replace internal combustion engine lawn
9 and garden equipment.

10 (4) Incentives for medium- and heavy-duty vehicles and
11 equipment mitigation, including all of the following:

12 (A) Lower emission schoolbus programs.

13 (B) Electric, hybrid, and plug-in hybrid on-road and off-road
14 medium- and heavy-duty equipment.

15 (C) Regional air quality improvement and attainment programs
16 implemented by the state or districts in the most impacted regions
17 of the state.

18 (D) Precommercial demonstrations of advanced vehicles,
19 engines, equipment, and transportation systems.

20 (5) Workforce training initiatives related to advanced energy
21 technology designed to reduce air pollution, including
22 state-of-the-art equipment and goods, and new processes and
23 systems. Workforce training initiatives funded shall be broad-based
24 partnerships that leverage other public and private job training
25 programs and resources. These partnerships may include, though
26 are not limited to, employers, labor unions, labor-management
27 partnerships, community organizations, workforce investment
28 boards, postsecondary education providers including community
29 colleges, and economic development agencies.

30 (6) Incentives to identify and reduce emissions from
31 high-emitting light-duty vehicles.

32 (d) (1) Beginning January 1, 2011, the state board shall submit
33 to the Legislature a biennial report to evaluate the implementation
34 of the Air Quality Improvement Program established pursuant to
35 this chapter.

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

37 (A) A list of projects funded by the Air Quality Improvement
38 Account.

39 (B) The expected benefits of the projects in promoting ~~clean,~~
40 *clean* alternative fuels and vehicle technologies.

1 (C) Improvement in air quality and public health, greenhouse
2 gas emissions reductions, and the progress made toward achieving
3 these benefits.

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

6 (E) Recommendations for future actions.

7 (3) The state board may include the information required to be
8 reported pursuant to paragraph (1) in an existing report to the
9 Legislature as the state board deems appropriate. The state board
10 may also include in an existing report the description of how grant,
11 loan, voucher, or other incentive projects that receive moneys from
12 the Air Quality Improvement Fund are implementing the labor
13 standards required by Chapter 3.6 (commencing with Section
14 39680) of Part 2, as applicable.

15 (e) Projects using grants, loans, vouchers, or other incentives
16 funded in part or whole by the Air Quality Improvement Fund
17 shall be conditioned on the requirements of Chapter 3.6
18 (commencing with Section 39680) of Part 2, as applicable.

19 ~~SEC. 6.~~

20 *SEC. 7.* Section 9250.1 of the Vehicle Code is amended to
21 read:

22 9250.1. (a) Beginning July 1, 2008, the fee described in Section
23 9250 shall be increased by three dollars (\$3).

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

30 (c) This section shall remain in effect only until January 1, 2035,
31 and as of that date is repealed.

32 ~~SEC. 7.~~

33 *SEC. 8.* Section 9261.1 of the Vehicle Code is amended to
34 read:

35 9261.1. (a) Beginning July 1, 2008, the fee described in Section
36 9261, as adjusted pursuant to Section 1678, shall be increased by
37 five dollars (\$5).

38 (b) Two dollars and fifty cents (\$2.50) of the increase shall be
39 deposited into the Alternative and Renewable Fuel and Vehicle
40 Technology Fund created by Section 44273 of the Health and

1 Safety Code, and two dollars and fifty cents (\$2.50) shall be
2 deposited into the Air Quality Improvement Fund created by
3 Section 44274.5 of the Health and Safety Code.

4 (c) This section shall remain in effect only until January 1, 2035,
5 and as of that date is repealed.

6 ~~SEC. 8.~~

7 SEC. 9. Section 9853.6 of the Vehicle Code is amended to
8 read:

9 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
10 paragraph (1) of subdivision (b) of Section 9853 shall be increased
11 by ten dollars (\$10).

12 (2) Five dollars (\$5) of the increase shall be deposited into the
13 Alternative and Renewable Fuel and Vehicle Technology Fund
14 created by Section 44273 of the Health and Safety Code and five
15 dollars (\$5) shall be deposited into the Air Quality Improvement
16 Fund created by Section 44274.5 of the Health and Safety Code.

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

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

25 (c) This section shall remain in effect only until January 1, 2035,
26 and as of that date is repealed.

27 ~~SEC. 9.~~

28 SEC. 10. This act is an urgency statute necessary for the
29 immediate preservation of the public peace, health, or safety within
30 the meaning of Article IV of the California Constitution and shall
31 go into immediate effect. The facts constituting the necessity are:

32 To ensure stable funding for programs ~~to reduce~~ *reducing* air
33 pollution *and* for the protection of the public health and ~~safety;~~
34 *safety from air pollution*, it is necessary for this measure to take
35 effect immediately.