

AMENDED IN SENATE JULY 17, 2007

AMENDED IN SENATE JULY 3, 2007

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY APRIL 24, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 995**

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**Introduced by Assembly Member Nava  
(Coauthor: Assembly Member Galgiani)**

February 22, 2007

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An act to add Section 8879.24 to the Government Code, and to add Chapter 3.2 (commencing with Section 39625) to Part 2 of Division 26 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 995, as amended, Nava. Goods Movement Emission Reduction Program.

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in the November 2006 general election, establishes the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 in the State Treasury. Existing law requires specified moneys in the fund to be deposited in the California Ports Infrastructure, Security, and Air Quality Improvement Account to be available upon appropriation by the Legislature, for certain purposes. The act requires \$1,000,000,000 from the account to be made available to the State Air Resources Board for

emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight along California’s trade corridors. The act requires \$2,000,000,000 to be transferred to the Trade Corridors Improvement Fund for infrastructure improvements along designated trade corridors.

This bill would provide that projects eligible for funding from the Trade Corridors Improvement Fund would receive priority if they meet specified requirements. The bill would require the California Transportation Commission to coordinate with the board for technical assistance in evaluating project applications.

The bill would require the state board, upon appropriation, to allocate these funds, meeting specified criteria and requirements. The state board would be required to create guidelines for the allocation of these funds. The state board would be required to compile and release a preliminary list of all projects that the state board is considering for funding, and after specified public hearings, to adopt a final list of projects that will receive funding. The state board would be required to submit an annual report to the Legislature summarizing its activities related to the administration of these requirements.

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) The Highway Safety, Traffic Reduction, Air Quality, and
- 4 Port Security Bond Act of 2006 authorizes three billion one
- 5 hundred million dollars (\$3,100,000,000) to be deposited in the
- 6 California Ports Infrastructure, Security, and Air Quality
- 7 Improvement Account. The money in the account is available,
- 8 upon appropriation by the Legislature, and subject to the conditions
- 9 and criteria as the Legislature may provide by statute, as follows:
- 10 (1) Two billion dollars (\$2,000,000,000) transferred to the Trade
- 11 Corridors Improvement Fund for infrastructure improvements
- 12 along federally designated “Trade Corridors of National
- 13 Significance” in the state or along other corridors within the state
- 14 that have a high volume of freight movement.
- 15 (2) One billion dollars (\$1,000,000,000) to the State Air
- 16 Resources Board for emission reductions, not otherwise required

1 by law or regulation, from activities related to freight along  
2 California’s trade corridors.

3 (b) It is the intent of the Legislature to ensure that goods  
4 movement infrastructure projects, public health and environmental  
5 mitigation efforts, and community impact mitigation actions be  
6 implemented in an integrated manner.

7 SEC. 2. Section 8879.24 is added to the Government Code, to  
8 read:

9 8879.24. (a) A project eligible for funds pursuant to  
10 subparagraph (A) of paragraph (1) of subdivision (c) of Section  
11 8879.23 shall receive funding priority if the project accomplishes  
12 all of the following in the trade corridor where the project is  
13 located:

- 14 (1) Enhances system efficiency and predictability.
- 15 (2) Significantly improves regional mobility and safety,  
16 especially in heavily congested areas.
- 17 (3) Significantly reduces diesel particulate emissions and oxides  
18 of nitrogen in the trade corridor where the project is located,  
19 particularly in communities disproportionately impacted by goods  
20 movement.

21 (b) The California Transportation Commission shall coordinate  
22 with the State Air Resources Board for technical assistance in  
23 evaluating project applications for review of emission reduction  
24 data and air quality benefits.

25 SEC. 3. Chapter 3.2 (commencing with Section 39625) is added  
26 to Part 2 of Division 26 of the Health and Safety Code, to read:

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28 CHAPTER 3.2. GOODS MOVEMENT EMISSION REDUCTION  
29 PROGRAM  
30

31 39625. For the purposes of this chapter, the following terms  
32 have the following meanings:

- 33 (a) “Applicant” means any local public entity involved in the  
34 movement of freight through trade corridors of the state or involved  
35 in air quality improvements associated with goods movement.
- 36 (b) “Emission” or “emissions” means emissions of diesel  
37 particulate matter, oxides of nitrogen, oxides of sulfur, and reactive  
38 organic gases.
- 39 (c) “Emission sources” means sources releasing emissions,  
40 including, heavy-duty trucks, locomotives, commercial harbor

1 craft, ocean-going vessels related to freight, and cargo-handling  
2 equipment.

3 (d) “Goods movement facility” means airports, seaports, land  
4 ports of entry, freight distribution warehouses and logistic centers,  
5 freight rail systems, and highways that have a high volume of truck  
6 traffic related to the movement of goods, as determined by the  
7 state board.

8 (e) “Trade corridors” means any of the following areas: the Los  
9 Angeles/Inland Empire, the Central Valley, the San Francisco Bay  
10 area, and San Diego and the United States-Mexico border region.

11 39625.5. (a) (1) Upon appropriation by the Legislature from  
12 the funds made available by paragraph (2) of subdivision (c) of  
13 Section 8879.23 of the Government Code, the state board shall  
14 allocate funds on a competitive basis for projects that are shown  
15 to achieve the greatest emission reductions, not otherwise required  
16 by law or regulation, or by an agreement entered into with a state  
17 or federal agency, from activities related to the movement of freight  
18 along California’s trade corridors, commencing at the state’s  
19 airports, seaports, and land ports of entry.

20 (2) Projects eligible for funding pursuant to paragraph (1) shall  
21 include, but are not limited to, the following:

22 (A) The replacement, repower, or retrofit of heavy-duty diesel  
23 trucks.

24 (B) The replacement, repower, or retrofit of diesel locomotive  
25 engines, including switching engines.

26 (C) The replacement, repower, or retrofit of harbor craft that  
27 operates at the state’s seaports.

28 (D) The provision of on-shore electrical power for ocean freight  
29 carriers calling at the state’s seaports to reduce the use of auxiliary  
30 and main engine ship power.

31 (E) Mobile or portable shoreside distributed power generation  
32 projects that eliminate the need to use the electricity grid.

33 (F) The replacement, repower, or retrofit of cargo handling  
34 equipment that operates at the state’s seaports.

35 (b) (1) The state board shall allocate funds in a manner that  
36 gives priority to projects that reduce emissions in a manner that  
37 achieves the earliest possible health risk reduction in communities  
38 adjacent to goods movement facilities.

39 (2) In evaluating which projects to fund, the state board shall  
40 at a minimum consider all of the following criteria:

- 1 (A) The magnitude of the emission reduction.  
2 (B) The public health benefits of the emission reduction.  
3 (C) The cost effectiveness and sustainability of the emissions  
4 reductions.  
5 (D) The severity and magnitude of the source's contributions  
6 to emissions.  
7 (E) Regulatory and State Implementation Plan requirements,  
8 and the degree of surplus emissions to be reduced.  
9 (F) The reduction in greenhouse gases, consistent with and  
10 supportive of emission reduction goals.  
11 (G) The extent to which advanced emission reduction  
12 technologies are to be used.  
13 (H) The degree of leveraging of funds.  
14 (c) The state board shall ensure that state bond funds are  
15 supplemented and matched with funds from federal, *state*, local,  
16 and private sources to the maximum extent feasible.  
17 39626. (a) (1) The state board shall develop guidelines by  
18 March 31, 2008, consistent with the requirements of this chapter,  
19 to implement Section 39625.5, in consultation with stakeholders,  
20 including, but not limited to, local air quality management and air  
21 pollution control districts, metropolitan planning organizations,  
22 port authorities, shipping lines, railroad companies, trucking  
23 companies, harbor craft owners, freight distributors, terminal  
24 operators, local port community advisory groups, community  
25 interest groups, and airports. The guidelines shall, at a minimum,  
26 include an application process for the funds, a requirement that an  
27 applicant contribute a specified percentage of ~~nonstate~~ funds toward  
28 the project, and project selection criteria.  
29 (2) Prior to the adoption of the guidelines, the state board shall  
30 hold no less than one public hearing in northern California, one  
31 public hearing in the central valley, and one public hearing in  
32 southern California.  
33 (b) (1) After applications have been submitted and reviewed  
34 for consistency with the requirements of this chapter and the  
35 Highway Safety, Traffic Reduction, Air Quality, and Port Security  
36 Bond Act of 2006, the state board shall compile and release to the  
37 public a preliminary list of all projects that the state board is  
38 considering for funding. The state board shall hold no less than  
39 one public hearing in northern California, one public hearing in

1 the central valley, and one public hearing in southern California  
2 to discuss this proposed list.

3 (2) After the requirements of paragraph (1) are met, the state  
4 board shall adopt a final list of projects that will receive funding  
5 at a regularly scheduled public hearing.

6 39626.5. (a) A project shall not be funded pursuant to this  
7 chapter unless all of the following requirements are met:

8 (1) The project is sponsored by an applicant.

9 (2) The project is in compliance with any comprehensive local  
10 or regional plans or strategies to reduce emissions from goods  
11 movement activities in its jurisdiction.

12 (3) The applicant has completed, or is capable of completing,  
13 all project development work so that the contracts for the project  
14 can be awarded no later than \_\_\_\_ of the fiscal year following the  
15 year in which the funds are allocated.

16 (b) An applicant receiving funds pursuant to this chapter shall  
17 have three fiscal years from the date that the funds are allocated  
18 to the applicant to award the contract for implementation of the  
19 project. Funds not expended shall revert to the state board.

20 39627. The state board may seek reimbursement for program  
21 administration costs annually through an appropriation in the  
22 Budget Act.

23 39627.5. The state board shall submit an annual report to the  
24 Legislature summarizing its activities related to the administration  
25 of this chapter with the Governor’s proposed budget for next fiscal  
26 year. The summary shall, at a minimum, include a description of  
27 projects funded pursuant to this chapter, the amount of funds  
28 allocated for each project, the location of each project, the status  
29 of each project, and a quantitative description of the emissions  
30 reductions achieved through the project or program.