

AMENDED IN SENATE JULY 23, 2009

AMENDED IN SENATE JULY 9, 2009

AMENDED IN ASSEMBLY JUNE 1, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1527

Introduced by Assembly Member Lieu

February 27, 2009

An act to amend Section 44283 of, and to add ~~Section 43024~~ *Sections 39626.1 and 44287.2* to, the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1527, as amended, Lieu. Motor vehicle emission reduction projects.

Existing law creates the Carl Moyer Memorial Air Quality Standards Attainment Program and the Goods Movement Emission Reduction Program, which provide state funds to reduce emissions from motor vehicles, as provided.

This bill would require the State Air Resources Board to revise project guidelines to allow funds from specified programs and funding sources to be used for a project also funded under the Carl Moyer Memorial Air Quality Standards Attainment Program or the Goods Movement Emission Reduction Program without those additional public funds being factored into the criteria emission reduction cost-effectiveness calculations under either of those programs.

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

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

SECTION 1. ~~Section 43024 is added to the Health and Safety Code, to read:~~

43024. (a) ~~By January 1, 2011, the state board, in consultation with the State Energy Resources Conservation and Development Commission, shall revise project guidelines to allow funds from all of the following programs or funding sources to be used for a project also funded under the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275)) or the Goods Movement Emission Reduction Program (Chapter 3.2 (commencing with Section 39625) of Part 2) without those additional public funds being factored into the criteria emission reduction cost-effectiveness calculations under either of those programs:~~

(1) ~~Federal funding from programs designed to reduce greenhouse gas emissions.~~

(2) ~~Alternative and Renewable Fuel and Vehicle Technology Program (Article 2 (commencing with Section 44272) of Chapter 8.9).~~

(b) ~~Nothing in this section authorizes the expenditure of funds for a project that does not meet all of the requirements of this division, including requirements that require cost sharing or matching of funds. Subdivision (a) does not apply if the additional expenditure would not provide an incremental air quality, or greenhouse gas emission reduction, benefit greater than what would otherwise be achieved by the program. The state board shall not exclude funds from the cost-effectiveness calculation pursuant to subdivision (a), if excluding those funds would reduce the emission reduction benefits expected to be achieved from the Carl Moyer Memorial Air Quality Standards Attainment Program, the Goods Movement Emission Reduction Program, the Alternative and Renewable Fuel and Vehicle Technology Program, or federal greenhouse gas emission reduction programs.~~

SECTION 1. ~~Section 39626.1 is added to the Health and Safety Code, to read:~~

39626.1. (a) ~~By January 1, 2011, the state board shall revise project guidelines pursuant to Section 39626 to allow funds from all of the following programs or funding sources to be used for a project also funded under this chapter without those additional~~

1 *public funds being factored into the criteria emission reduction*
2 *cost-effectiveness calculations:*

3 *(1) Federal funding from programs designed to reduce*
4 *greenhouse gas emissions.*

5 *(2) Alternative and Renewable Fuel and Vehicle Technology*
6 *Program (Article 2 (commencing with Section 44272) of Chapter*
7 *8.9 of Part 5).*

8 *(b) Nothing in this section authorizes the expenditure of funds*
9 *for a project that does not meet all of the requirements of this*
10 *chapter, including requirements that require cost sharing or*
11 *matching of funds. Subdivision (a) does not apply if the additional*
12 *expenditure would not provide an incremental air quality, or*
13 *greenhouse gas emission reduction, benefit greater than what*
14 *would otherwise be achieved by the program. The state board shall*
15 *not exclude funds from the cost-effectiveness calculation pursuant*
16 *to subdivision (a), if excluding those funds would reduce the*
17 *emission reduction benefits expected to be achieved from this*
18 *chapter, federal greenhouse gas emission reduction programs, or*
19 *the Alternative and Renewable Fuel and Vehicle Technology*
20 *Program.*

21 SEC. 2. Section 44283 of the Health and Safety Code, as
22 amended by Section 1 of Chapter 627 of the Statutes of 2006, is
23 amended to read:

24 44283. (a) Grants shall not be made for projects with a
25 cost-effectiveness, calculated in accordance with this section, of
26 more than thirteen thousand six hundred dollars (\$13,600) per ton
27 of NO_x reduced in California or a higher value that reflects state
28 consumer price index adjustments on or after January 1, 2006, as
29 determined by the state board. For projects obtaining reactive
30 organic gas and particulate matter reductions, the state board shall
31 determine appropriate adjustment factors to calculate a weighted
32 cost-effectiveness.

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

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

4 (d) The cost of the covered emission reduction is the amount
5 of the grant from the program, including matching funds provided
6 pursuant to subdivision (e) of Section 44287, plus any other state
7 funds, or funds under the district's budget authority or fiduciary
8 control, provided toward the project, not including funds described
9 in paragraphs (1) and (2) of subdivision (a) of Section ~~43024~~
10 44287.2. The state board shall establish reasonable methodologies
11 for evaluating project cost-effectiveness, consistent with the
12 definition contained in paragraph (4) of subdivision (a) of Section
13 44275, and with accepted methods, taking into account a fair and
14 reasonable discount rate or time value of public funds.

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

20 (f) Funds under a district's budget authority or fiduciary control
21 may be used to pay for the incremental cost of liquid or gaseous
22 fuel, other than standard gasoline or diesel, which is integral to a
23 covered emission reducing technology that is part of a project
24 receiving grant funding under the program. The fuel shall be
25 approved for sale by the state board. The incremental fuel cost
26 over the expected lifetime of the vehicle may be offset by the
27 district if the project as a whole, including the incremental fuel
28 cost, meets all of the requirements of this chapter, including the
29 maximum allowed cost-effectiveness. The state board shall develop
30 an appropriate methodology for converting incremental fuel costs
31 over the vehicle lifetime into an initial cost for the purposes of
32 determining project cost-effectiveness. Incremental fuel costs may
33 not be included in project costs for fuels dispensed from any facility
34 that was funded, in whole or in part, from the fund.

35 (g) For purposes of determining any grant amount pursuant to
36 this chapter, the incremental cost of any new purchase, retrofit,
37 repower, or add-on equipment shall be reduced by the value of
38 any current financial incentive that directly reduces the project
39 price, including any tax credits or deductions, grants, or other
40 public financial assistance. Project proponents applying for funding

1 shall be required to state in their application any other public
2 financial assistance to the project.

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

8 (i) After study of available emission reduction technologies and
9 costs and after public notice and comment, the state board may
10 reduce the values of the maximum grant award criteria stated in
11 this section to improve the ability of the program to achieve its
12 goals. Every year the state board shall adjust the maximum
13 cost-effectiveness amount established in subdivision (a) and any
14 per-project maximum set by the state board pursuant to subdivision
15 (h) to account for inflation.

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

19 SEC. 3. Section 44283 of the Health and Safety Code, as
20 amended by Section 2 of Chapter 627 of the Statutes of 2006, is
21 amended to read:

22 44283. (a) Grants shall not be made for projects with a
23 cost-effectiveness, calculated in accordance with this section, of
24 more than twelve thousand dollars (\$12,000) per ton of NO_x
25 reduced in California or a higher value that reflects state consumer
26 price index adjustments on or after January 1, 2015, as determined
27 by the state board.

28 (b) Only NO_x reductions occurring in this state shall be included
29 in the cost-effectiveness determination. The extent to which
30 emissions generated at sea contribute to air quality in California
31 nonattainment areas shall be incorporated into these methodologies
32 based on a reasonable assessment of currently available information
33 and modeling assumptions.

34 (c) The state board shall develop protocols for calculating the
35 surplus NO_x reductions in California from representative project
36 types over the life of the project.

37 (d) The cost of the NO_x reduction is the amount of the grant
38 from the program, including matching funds provided pursuant to
39 subdivision (e) of Section 44287, plus any other state funds, or
40 funds under the district's budget authority or fiduciary control,

1 provided toward the project, not including funds described in
2 paragraphs (1) and (2) of subdivision (a) of Section ~~43024~~ 44287.2.
3 The state board shall establish reasonable methodologies for
4 evaluating project cost-effectiveness, consistent with the definition
5 contained in paragraph (4) of subdivision (a) of Section 44275,
6 and with accepted methods, taking into account a fair and
7 reasonable discount rate or time value of public funds.

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

13 (f) Funds under a district's budget authority or fiduciary control
14 may be used to pay for the incremental cost of liquid or gaseous
15 fuel, other than standard gasoline or diesel, which is integral to a
16 NO_x reducing technology that is part of a project receiving grant
17 funding under the program. The fuel shall be approved for sale by
18 the state board. The incremental fuel cost over the expected lifetime
19 of the vehicle may be offset by the district if the project as a whole,
20 including the incremental fuel cost, meets all of the requirements
21 of this chapter, including the maximum allowed cost-effectiveness.
22 The state board shall develop an appropriate methodology for
23 converting incremental fuel costs over the vehicle lifetime into an
24 initial cost for the purposes of determining project
25 cost-effectiveness. Incremental fuel costs may not be included in
26 project costs for fuels dispensed from any facility that was funded,
27 in whole or in part, from the fund.

28 (g) For purposes of determining any grant amount pursuant to
29 this chapter, the incremental cost of any new purchase, retrofit,
30 repower, or add-on equipment shall be reduced by the value of
31 any current financial incentive that directly reduces the project
32 price, including any tax credits or deductions, grants, or other
33 public financial assistance. Project proponents applying for funding
34 shall be required to state in their application any other public
35 financial assistance to the project.

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

1 (i) After study of available emission reduction technologies and
2 costs and after public notice and comment, the state board may
3 reduce the values of the maximum grant award criteria stated in
4 this section to improve the ability of the program to achieve its
5 goals. Every year the state board shall adjust the maximum
6 cost-effectiveness amount established in subdivision (a) and any
7 per-project maximum set by the state board pursuant to subdivision
8 (h) to account for inflation.

9 (j) This section shall become operative on January 1, 2015.

10 SEC. 4. Section 44287.2 is added to the Health and Safety
11 Code, to read:

12 44287.2. (a) By January 1, 2011, the state board shall revise
13 project grant criteria and guidelines pursuant to Section 44287
14 to allow funds from all of the following programs or funding
15 sources to be used for a project also funded under this chapter
16 without those additional public funds being factored into the
17 criteria emission reduction cost-effectiveness calculations:

18 (1) Federal funding from programs designed to reduce
19 greenhouse gas emissions.

20 (2) Alternative and Renewable Fuel and Vehicle Technology
21 Program (Article 2 (commencing with Section 44272) of Chapter
22 8.9).

23 (b) Nothing in this section authorizes the expenditure of funds
24 for a project that does not meet all of the requirements of this
25 chapter, including requirements that require cost sharing or
26 matching of funds. Subdivision (a) does not apply if the additional
27 expenditure would not provide an incremental air quality, or
28 greenhouse gas emission reduction, benefit greater than what
29 would otherwise be achieved by the program. The state board shall
30 not exclude funds from the cost-effectiveness calculation pursuant
31 to subdivision (a), if excluding those funds would reduce the
32 emission reduction benefits expected to be achieved from this
33 chapter, federal greenhouse gas emission reduction programs, or
34 the Alternative and Renewable Fuel and Vehicle Technology
35 Program.