

ASSEMBLY BILL

No. 8

Introduced by Assembly Members Perea and Skinner

December 3, 2012

An act to amend Sections 41081, 44060.5, 44225, 44229, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, and to add Sections 43018.9, 43867.5, and 43867.6 to, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 8, as introduced, Perea. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to

develop and adopt an investment plan to determine priorities and opportunities for the program.

This bill would provide that the State Air Resources Board (state board), until January 1, 2024, has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any person to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station. The bill would require the state board to aggregate and make available to the public, no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board. The bill would require the commission to allocate \$20 million each fiscal year, as specified, and up to \$20 million each fiscal year thereafter, as specified, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing market for vehicles requiring hydrogen fuel, until there are at least 100 publicly available hydrogen fueling stations. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the state board to jointly review and report on the progress toward establishing a hydrogen fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. The bill, no later than July 1, 2013, would require the state board and air districts to jointly convene working groups to evaluate the specified policies and goals of specified programs.

(2) Existing law requires the commission, in partnership with the state board, to develop and adopt a state plan to increase the use of alternative transportation fuels.

This bill would require the commission and the state board, among other things, to coordinate efforts to measure the progress of alternative fuels use. The bill would require the commission, in consultation with the state board, on or before November 1, 2014, to update a specified economic analysis. The bill would require the commission and the state board, to evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use, and evaluate how the impact of federal fuel policies and existing state

policies will help increase the use of alternative transportation fuels in the state. The bill would require the commission and the state board, on or before November 1, 2015, and every 2 years thereafter, to report in the integrated energy policy report, as specified, the status of the state alternative transportation fuels use, as specified, and make specified evaluations. The bill would require the state board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.

(3) Existing law, until January 1, 2016, 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, 2016, 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 fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

(4) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer program), which is administered by the state board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts. Existing law, beginning January 1, 2015, limits the Carl Moyer program to funding projects that reduce emissions of oxides of nitrogen (NO_x).

This bill would extend the current authorization for the Carl Moyer program to fund a broader range of projects that reduce emissions until January 1, 2024, and would make other conforming changes in that regard.

(5) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered

in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6) Existing law authorizes each air pollution control and air quality management district (district) that has been designated a state nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that district, as specified by the governing body of the district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by a district, and requires the department, after deducting its administrative costs, to distribute the revenues to the districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(7) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed, be deposited in the Air Pollution Control Fund, these moneys to be available upon appropriation by the Legislature for use by the state board and districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would, on January 1, 2015, instead increase the limit on the tire fee to \$1.50 per tire until January 1, 2024, and reduce the limit to \$0.75 per tire on and after January 1, 2024.

(8) 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 41081 of the Health and Safety Code, as
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is
3 amended to read:

4 41081. (a) Subject to Article 3.7 (commencing with Section
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
6 Government Code, or with the approval of the board of supervisors
7 of each county included, in whole or in part, within the Sacramento
8 district, the Sacramento district board may adopt a surcharge on
9 the motor vehicle registration fees applicable to all motor vehicles
10 registered in those counties within the Sacramento district whose
11 boards of supervisors have adopted a resolution approving the
12 surcharge. The surcharge shall be collected by the Department of
13 Motor Vehicles and, after deducting the department's
14 administrative costs, the remaining funds shall be transferred to
15 the Sacramento district. Prior to the adoption of any surcharge
16 pursuant to this subdivision, the district board shall make a finding
17 that any funds allocated to the district as a result of the adoption
18 of a county transportation sales and use tax are insufficient to carry
19 out the purposes of this chapter.

20 (b) The surcharge shall not exceed six dollars (\$6).

21 (c) After consulting with the Department of Motor Vehicles on
22 the feasibility thereof, the Sacramento district board may provide,
23 in the surcharge adopted pursuant to subdivision (a), to exempt
24 from all or part of the surcharge any category of low-emission
25 motor vehicle.

26 (d) Funds received by the Sacramento district pursuant to this
27 section shall be used by that district as follows:

28 (1) The revenues resulting from the first four dollars (\$4) of
29 each surcharge shall be used to implement reductions in emissions
30 from vehicular sources, including, but not limited to, a clean fuels
31 program and motor vehicle use reduction measures.

32 (2) The revenues resulting from the next two dollars (\$2) of
33 each surcharge shall be used to implement the following programs
34 that achieve emission reductions from vehicular sources and
35 off-road engines, to the extent that the district determines the
36 program remediates air pollution harms created by motor vehicles
37 on which the surcharge is imposed:

1 (A) Projects eligible for grants under the Carl Moyer Memorial
2 Air Quality Standards Attainment Program (Chapter 9
3 (commencing with Section 44275) of Part 5).

4 (B) The new purchase, retrofit, repower, or add-on of equipment
5 for previously unregulated agricultural sources of air pollution, as
6 defined in Section 39011.5, within the Sacramento district, for a
7 minimum of three years from the date of adoption of an applicable
8 rule or standard, or until the compliance date of that rule or
9 standard, whichever is later, if the state board has determined that
10 the rule or standard complies with Sections 40913, 40914, and
11 41503.1, after which period of time, a new purchase, retrofit,
12 repower, or add-on of equipment shall not be funded pursuant to
13 this chapter. The district shall follow any guidelines developed
14 under subdivision (a) of Section 44287 for awarding grants under
15 this program.

16 (C) The purchase of new, or retrofit of emissions control
17 equipment for existing, schoolbuses pursuant to the
18 Lower-Emission School Bus Program adopted by the state board.

19 (D) An accelerated vehicle retirement or repair program that is
20 adopted by the state board pursuant to authority granted hereafter
21 by the Legislature by statute.

22 (E) The replacement of onboard natural gas fuel tanks on
23 schoolbuses owned by a school district that are 14 years or older,
24 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant
25 to the Lower-Emission School Bus Program adopted by the state
26 board.

27 (F) The enhancement of deteriorating natural gas fueling
28 dispensers of fueling infrastructure operated by a school district
29 with a one-time funding amount not to exceed five hundred dollars
30 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
31 Program adopted by the state board.

32 (e) Not more than 5 percent of the funds collected pursuant to
33 this section shall be used by the district for administrative expenses.

34 (f) A project funded by the program shall not be used for credit
35 under any state or federal emissions averaging, banking, or trading
36 program. An emission reduction generated by the program shall
37 not be used as marketable emission reduction credits or to offset
38 any emission reduction obligation of any person or entity. Projects
39 involving new engines that would otherwise generate marketable
40 credits under state or federal averaging, banking, and trading

1 programs shall include transfer of credits to the engine end user
2 and retirement of those credits toward reducing air emissions in
3 order to qualify for funding under the program. A purchase of a
4 low-emission vehicle or of equipment pursuant to a corporate or
5 a controlling board's policy, but not otherwise required by law,
6 shall generate surplus emissions reductions and may be funded by
7 the program.

8 (g) This section shall remain in effect only until January 1, ~~2015~~
9 2024, and as of that date is repealed, unless a later enacted statute,
10 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
11 that date.

12 SEC. 2. Section 41081 of the Health and Safety Code, as added
13 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended
14 to read:

15 41081. (a) Subject to Article 3.7 (commencing with Section
16 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
17 Government Code, or with the approval of the board of supervisors
18 of each county included, in whole or in part, within the Sacramento
19 district, the Sacramento district board may adopt a surcharge on
20 the motor vehicle registration fees applicable to all motor vehicles
21 registered in those counties within the Sacramento district whose
22 boards of supervisors have adopted a resolution approving the
23 surcharge. The surcharge shall be collected by the Department of
24 Motor Vehicles and, after deducting the department's
25 administrative costs, the remaining funds shall be transferred to
26 the Sacramento district. Prior to the adoption of any surcharge
27 pursuant to this subdivision, the district board shall make a finding
28 that any funds allocated to the district as a result of the adoption
29 of a county transportation sales and use tax are insufficient to carry
30 out the purposes of this chapter.

31 (b) The surcharge shall not exceed two dollars (\$2) for each
32 motor vehicle whose registration expires on or after December 31,
33 1989, and prior to December 31, 1990. For each motor vehicle
34 whose registration expires on or after December 31, 1990, the
35 surcharge shall not exceed four dollars (\$4).

36 (c) After consulting with the Department of Motor Vehicles on
37 the feasibility thereof, the Sacramento district board may provide,
38 in the surcharge adopted pursuant to subdivision (a), to exempt
39 from all or part of the surcharge any category of low-emission
40 motor vehicle.

(d) Funds received by the Sacramento district pursuant to this section shall be used to implement the strategy with respect to the reduction in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures. Not more than 5 percent of the funds collected pursuant to this section shall be used by the district for administrative expenses.

(e) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 3. Section 43018.9 is added to the Health and Safety Code, to read:

43018.9. (a) For purposes of this section, the following terms have the following meanings:

(1) "Commission" means the State Energy Resources Conservation and Development Commission.

(2) "Publicly available hydrogen fueling station" means the equipment used to store and dispense hydrogen fuel to vehicles according to industry codes and standards that is open to the public.

(b) (1) Notwithstanding any other law, the state board shall have no authority to enforce any element of its existing clean fuels outlet regulation or of any other regulation that requires or has the effect of requiring that any person construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station.

(2) This subdivision shall become inoperative on January 1, 2024.

(c) The state board shall aggregate and make available to the public no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board pursuant to Section 2303(a) of Title 13 of the California Code of Regulations.

(d) (1) The commission shall allocate twenty million dollars (\$20,000,000) each fiscal year, beginning July 1, 2013, through June 30, 2016, and up to twenty million dollars (\$20,000,000) each fiscal year thereafter, not to exceed 20 percent of moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund, established pursuant to Section 44273, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing

1 market for vehicles requiring hydrogen fuel, until there are at least
2 100 publicly available hydrogen fueling stations.

3 (2) Based on the results of the review set forth in paragraph (4),
4 the commission may defer allocating the moneys set forth in
5 paragraph (1) as needed to keep the number of fueling stations
6 matched to the fueling needs of the vehicles.

7 (3) Notwithstanding paragraph (1), once the commission
8 determines, in consultation with the state board, that the private
9 sector is establishing publicly available hydrogen fueling stations
10 without the need for government support, the commission may
11 cease providing funding for those stations.

12 (4) On or before December 31, 2015, and annually thereafter,
13 the commission and the state board shall jointly review and report
14 on progress toward establishing a hydrogen fueling network that
15 provides the coverage and capacity to fuel vehicles requiring
16 hydrogen fuel that are being placed into operation in the state. The
17 commission and the state board shall consider the following,
18 including but not limited to, the available plans of automobile
19 manufacturers to deploy fuel cell vehicles in California and their
20 progress toward achieving those plans, the rate of hydrogen fuel
21 cell deployment, the length of time required to permit and construct
22 hydrogen fueling stations, the coverage and capacity of the existing
23 hydrogen fueling station network, and the amount and timing of
24 growth in the fueling network to ensure fuel is available to these
25 vehicles. The review shall also determine the remaining cost and
26 timing to establish a network of 100 publicly available hydrogen
27 fueling stations and whether funding from the Alternative and
28 Renewable Fuel and Vehicle Technology Program remains
29 necessary to achieve this goal.

30 (e) To assist in the implementation of this section and maximize
31 the ability to deploy fueling infrastructure as rapidly as possible
32 with the assistance of private capital, the commission may design
33 grants, loan incentive programs, revolving loan programs, and
34 other forms of financial assistance. The commission also may enter
35 into an agreement with the Treasurer to provide financial assistance
36 to further the purposes of this section.

37 (f) Funds appropriated to the commission for the purposes of
38 this section shall be available for encumbrance by the commission
39 for up to four years from the date of the appropriation and for

1 liquidation up to four years after expiration of the deadline to
2 encumber.

3 (g) Notwithstanding any other law, the state board, in
4 consultation with air districts, no later than July 1, 2013, shall
5 convene working groups to evaluate the policies and goals
6 contained within the Carl Moyer Memorial Air Quality Standards
7 Attainment Program, pursuant to Section 44280, and Assembly
8 Bill 923 (Chapter 707 of the Statutes of 2004).

9 SEC. 4. Section 43867.5 is added to the Health and Safety
10 Code, to read:

11 43867.5. The Legislature finds and declares all of the following:

12 (a) The state overwhelmingly relies on a single source of fuel,
13 petroleum, for its transportation needs, and nearly one-half of that
14 petroleum comes from overseas. This overreliance on petroleum
15 leaves residents vulnerable to supply interruptions and price
16 instabilities, and it leaves consumers with essentially no options
17 for alternative transportation fuels.

18 (b) Residents spend over twenty billion dollars
19 (\$20,000,000,000) each year on petroleum fuel imports,
20 representing a significant missed economic opportunity.

21 (c) It is in the interest of the state to increase alternative fuels
22 usage to reduce fuel price volatility, improve environmental quality
23 and transportation energy security, and demonstrate the state's
24 continued leadership in reducing greenhouse gas emissions.

25 (d) The State Alternative Fuels Plan, which was adopted by the
26 state board and the State Energy Resources Conservation and
27 Development Commission pursuant to Section 43866, outlined
28 specific strategies and targets that would increase the use of
29 alternative and nonpetroleum fuels. The strategy set a moderate
30 growth goal of 26 percent penetration for alternative fuel use in
31 on-road and off-road vehicles by 2022. In 2007, alternative fuels
32 accounted for less than 5 percent of the transportation sector's
33 consumption.

34 (e) Therefore, it is in the interest of the state to evaluate progress
35 toward increasing alternative fuels usage.

36 SEC. 5. Section 43867.6 is added to the Health and Safety
37 Code, to read:

38 43867.6. (a) In order to measure the progress of alternative
39 fuels use for on-road and off-road vehicles in the state, it is the
40 intent of the Legislature that the state board and the State Energy

Resources Conservation and Development Commission shall update the analysis of the state alternative transportation fuels use described in this section.

(b) The state board and the State Energy Resources Conservation and Development Commission shall coordinate efforts to implement this article.

(c) On or before November 1, 2014, the state board and the State Energy Resources Conservation and Development Commission shall update the economic analysis used in developing and reviewing state board regulations to include a range of petroleum and alternative fuel prices to more accurately assess the future cost of petroleum-based and alternative fuels.

(d) The State Energy Resources Conservation and Development Commission, in consultation with the state board, shall do all of the following:

(1) Evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use.

(2) Evaluate how the impact of federal fuel policies and existing state policies will help increase the use of alternative transportation fuels in the state.

(e) On or before November 1, 2015, and every two years thereafter consistent with and reported within the integrated energy policy report, pursuant to Section 25302 of the Public Resources Code, the state board and the State Energy Resources Conservation and Development Commission shall report on the status of the state alternative transportation fuels use analysis pursuant to subdivision (a) and make the evaluations required in subdivision (d). The report shall include details as to the quantities of alternative fuels used in the state during the preceding years in absolute terms and as a percentage of the state's overall transportation fuel mix.

(f) As part of developing relevant new and amended regulations, the state board shall include a finding on the effect of proposed regulations on the state alternative transportation fuels use.

(g) This section shall be implemented consistent with the environmental, public health, and sustainability considerations included in Sections 44271 and 44272. Further, this section does not preempt the California Global Warming Solutions Act of 2006

(Division 25.5 (commencing with Section 38500)) or the programs and policies implemented pursuant to that act.

(h) The state board and the State Energy Resources Conservation and Development Commission, in studying the state alternative transportation fuels use, shall seek to measure all of the following:

(1) In-state job creation through the continued development of an alternative fuels industry in the state.

(2) Economic vulnerability of residents to future costly petroleum fuel price spikes by the use of either petroleum fuels or alternative fuels and vehicles.

(3) Alternative fuel market penetration in nonattainment areas.

(4) Increases in access to the supply of alternative fuels and alternative fuel vehicles for all residents and barriers to that supply.

SEC. 6. Section 44060.5 of the Health and Safety Code is amended to read:

44060.5. (a) Beginning July 1, 2008, the smog abatement fee described in *subdivision (d) of* Section 44060 shall be increased by eight dollars (\$8).

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

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

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

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2016~~ 2024, deletes or extends that date.

SEC. 7. Section 44225 of the Health and Safety Code, as amended by Section 3 of Chapter 707 of the Statutes of 2004, is amended to read:

44225. A district may increase the fee established under Section 44223 to up to six dollars (\$6). A district may increase the fee only if the following conditions are met:

(a) A resolution providing for both the fee increase and a corresponding program for expenditure of the increased fees for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies

1 necessary for the implementation of, the California Clean Air Act
2 of 1988 is adopted and approved by the governing board of the
3 district.

4 (b) In districts with nonelected officials on their governing
5 boards, the resolution shall be adopted and approved by both a
6 majority of the governing board and a majority of the board
7 members who are elected officials.

8 (c) An increase in fees established pursuant to this section shall
9 become effective on either April 1 or October 1, as provided in
10 the resolution adopted by the board pursuant to subdivision (a).

11 (d) This section shall remain in effect only until January 1, ~~2015~~
12 2024, and as of that date is repealed, unless a later enacted statute,
13 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
14 that date.

15 SEC. 8. Section 44225 of the Health and Safety Code, as added
16 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended
17 to read:

18 44225. On and after April 1, 1992, a district may increase the
19 fee established under Section 44223 to up to four dollars (\$4). A
20 district may increase the fee only if the following conditions are
21 met:

22 (a) A resolution providing for both the fee increase and a
23 corresponding program for expenditure of the increased fees for
24 the reduction of air pollution from motor vehicles pursuant to, and
25 for related planning, monitoring, enforcement, and technical studies
26 necessary for the implementation of, the California Clean Air Act
27 of 1988 is adopted and approved by the governing board of the
28 district.

29 (b) In districts with nonelected officials on their governing
30 boards, the resolution shall be adopted and approved by both a
31 majority of the governing board and a majority of the board
32 members who are elected officials.

33 (c) An increase in fees established pursuant to this section shall
34 become effective on either April 1 or October 1, as provided in
35 the resolution adopted by the board pursuant to subdivision (a).

36 (d) This section shall become operative on January 1, ~~2015~~
37 2024.

38 SEC. 9. Section 44229 of the Health and Safety Code, as
39 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is
40 amended to read:

1 44229. (a) After deducting all administrative costs it incurs
2 through collection of fees pursuant to Section 44227, the
3 Department of Motor Vehicles shall distribute the revenues to
4 districts, which shall use the revenues resulting from the first four
5 dollars (\$4) of each fee imposed to reduce air pollution from motor
6 vehicles and to carry out related planning, monitoring, enforcement,
7 and technical studies necessary for implementation of the California
8 Clean Air Act of 1988. Fees collected by the Department of Motor
9 Vehicles pursuant to this chapter shall be distributed to districts
10 based upon the amount of fees collected from motor vehicles
11 registered within each district.

12 (b) Notwithstanding the provisions of Sections 44241 and 44243,
13 a district shall use the revenues resulting from the next two dollars
14 (\$2) of each fee imposed pursuant to Section 44227 to implement
15 the following programs that the district determines remediate air
16 pollution harms created by motor vehicles on which the surcharge
17 is imposed:

18 (1) Projects eligible for grants under the Carl Moyer Memorial
19 Air Quality Standards Attainment Program (Chapter 9
20 (commencing with Section 44275) of Part 5).

21 (2) The new purchase, retrofit, repower, or add-on equipment
22 for previously unregulated agricultural sources of air pollution, as
23 defined in Section 39011.5, for a minimum of three years from
24 the date of adoption of an applicable rule or standard, or until the
25 compliance date of that rule or standard, whichever is later, if the
26 state board has determined that the rule or standard complies with
27 Sections 40913, 40914, and 41503.1, after which period of time,
28 a new purchase, retrofit, repower, or add-on of equipment shall
29 not be funded pursuant to this chapter. The districts shall follow
30 any guidelines developed under subdivision (a) of Section 44287
31 for awarding grants under this program.

32 (3) The purchase of new, or retrofit of emissions control
33 equipment for existing, schoolbuses pursuant to the
34 Lower-Emission School Bus Program adopted by the state board.

35 (4) An accelerated vehicle retirement or repair program that is
36 adopted by the state board pursuant to authority granted hereafter
37 by the Legislature by statute.

38 (5) The replacement of onboard natural gas fuel tanks on
39 schoolbuses owned by a school district that are 14 years or older,
40 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state
2 board.

3 (6) The enhancement of deteriorating natural gas fueling
4 dispensers of fueling infrastructure operated by a school district
5 with a one-time funding amount not to exceed five hundred dollars
6 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
7 Program adopted by the state board.

8 (c) The Department of Motor Vehicles may annually expend
9 not more than 1 percent of the fees collected pursuant to Section
10 44227 on administrative costs.

11 (d) A project funded by the program shall not be used for credit
12 under any state or federal emissions averaging, banking, or trading
13 program. An emission reduction generated by the program shall
14 not be used as marketable emission reduction credits or to offset
15 any emission reduction obligation of any person or entity. Projects
16 involving new engines that would otherwise generate marketable
17 credits under state or federal averaging, banking, and trading
18 programs shall include transfer of credits to the engine end user
19 and retirement of those credits toward reducing air emissions in
20 order to qualify for funding under the program. A purchase of a
21 low-emission vehicle or of equipment pursuant to a corporate or
22 a controlling board's policy, but not otherwise required by law,
23 shall generate surplus emissions reductions and may be funded by
24 the program.

25 (e) This section shall remain in effect only until January 1, ~~2015~~
26 2024, and as of that date is repealed, unless a later enacted statute,
27 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
28 that date.

29 SEC. 10. Section 44229 of the Health and Safety Code, as
30 added by Section 4.5 of Chapter 707 of the Statutes of 2004, is
31 amended to read:

32 44229. (a) After deducting all administrative costs it incurs
33 through collection of fees pursuant to Section 44227, the
34 Department of Motor Vehicles shall distribute the revenues to
35 districts which shall use the fees to reduce air pollution from motor
36 vehicles and to carry out related planning, monitoring, enforcement,
37 and technical studies necessary for implementation of the California
38 Clean Air Act of 1988. Fees collected by the Department of Motor
39 Vehicles pursuant to this chapter shall be distributed to districts

1 based upon the amount of fees collected from motor vehicles
2 registered within each district.

3 (b) The Department of Motor Vehicles may annually expend
4 not more than the following percentages of the fees collected
5 pursuant to Section 44227 on administrative costs:

6 (1) During the first year after the operative date of this chapter,
7 not more than 5 percent of the fees collected may be used for
8 administrative costs.

9 (2) During the second year after the operative date of this
10 chapter, not more than 3 percent of the fees collected may be used
11 for administrative costs.

12 (3) During any year subsequent to the second year after the
13 operative date of this chapter, not more than 1 percent of the fees
14 collected may be used for administrative costs.

15 (c) This section shall become operative on January 1, ~~2015~~
16 2024.

17 SEC. 11. Section 44275 of the Health and Safety Code, as
18 amended by Section 5 of Chapter 707 of the Statutes of 2004, is
19 amended to read:

20 44275. (a) As used in this chapter, the following terms have
21 the following meanings:

22 (1) "Advisory board" means the Carl Moyer Program Advisory
23 Board created by Section 44297.

24 (2) "Btu" means British thermal unit.

25 (3) "Commission" means the State Energy Resources
26 Conservation and Development Commission.

27 (4) "Cost-effectiveness" means dollars provided to a project
28 pursuant to subdivision (d) of Section 44283 for each ton of
29 covered emission reduction attributed to a project or to the program
30 as a whole. In calculating cost-effectiveness, one-time grants of
31 funds made at the beginning of a project shall be annualized using
32 a time value of public funds or discount rate determined for each
33 project by the state board, taking into account the interest rate on
34 bonds, interest earned by state funds, and other factors as
35 determined appropriate by the state board. Cost-effectiveness shall
36 be calculated by dividing annualized costs by average annual
37 emissions reduction. The state board, in consultation with the
38 districts and concerned members of the public, shall establish
39 appropriate cost effective limits for oxides of nitrogen, particulate
40 matter, and reactive organic gases and a reasonable system for

1 comparing the cost-effectiveness of proposed projects as described
2 in subdivision (a) of Section 44283.

3 (5) "Covered emissions" include emissions of oxides of nitrogen,
4 particulate matter, and reactive organic gases from any covered
5 source.

6 (6) "Covered engine" includes any internal combustion engine
7 or electric motor and drive powering a covered source.

8 (7) "Covered source" includes onroad vehicles offroad
9 nonrecreational equipment and vehicles, locomotives, diesel marine
10 vessels, agricultural sources of air pollution, as defined in Section
11 39011.5, and, as determined by the state board, other high-emitting
12 engine categories.

13 (8) "Covered vehicle" includes any vehicle or piece of
14 equipment powered by a covered engine.

15 (9) "District" means a county air pollution control district or an
16 air quality management district.

17 (10) "Fund" means the Carl Moyer Memorial Air Quality
18 Standards Attainment Trust Fund created by Section 44299.

19 (11) "Mobile Source Air Pollution Reduction Review
20 Committee" means the Mobile Source Air Pollution Reduction
21 Review Committee created by Section 44244.

22 (12) "Incremental cost" means the cost of the project less a
23 baseline cost that would otherwise be incurred by the applicant in
24 the normal course of business. Incremental costs may include
25 added lease or fuel costs pursuant to Section 44283 as well as
26 incremental capital costs.

27 (13) "New very low emission vehicle" means a heavy-duty
28 vehicle that qualifies as a very low emission vehicle when it is a
29 new vehicle, where new vehicle has the same meaning as defined
30 in Section 430 of the Vehicle Code, or that is modified with the
31 approval and warranty of the original equipment manufacturer to
32 qualify as a very low emission vehicle within 12 months of delivery
33 to an owner for private or commercial use.

34 (14) "NO_x" means oxides of nitrogen.

35 (15) "Program" means the Carl Moyer Memorial Air Quality
36 Standards Attainment Program created by subdivision (a) of
37 Section 44280.

38 (16) "Repower" means replacing an engine with a different
39 engine. The term repower, as used in this chapter, generally refers
40 to replacing an older, uncontrolled engine with a new,

1 emissions-certified engine, although replacing an older
2 emissions-certified engine with a newer engine certified to lower
3 emissions standards may be eligible for funding under this program.

4 (17) “Retrofit” means making modifications to the engine and
5 fuel system such that the retrofitted engine does not have the same
6 specifications as the original engine.

7 (18) “Very low emission vehicle” means a heavy-duty vehicle
8 with emissions significantly lower than otherwise applicable
9 baseline emission standards or uncontrolled emission levels
10 pursuant to Section 44282.

11 (b) This section shall remain in effect only until January 1, 2015
12 2024, and as of that date is repealed, unless a later enacted statute,
13 that is enacted before January 1, 2015 2024, deletes or extends
14 that date.

15 SEC. 12. Section 44275 of the Health and Safety Code, as
16 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is
17 amended to read:

18 44275. (a) As used in this chapter, the following terms have
19 the following meaning:

20 (1) “Advisory board” means the Carl Moyer Program Advisory
21 Board created by Section 44297.

22 (2) “Btu” means British thermal unit.

23 (3) “Commission” means the State Energy Resources
24 Conservation and Development Commission.

25 (4) “Cost-effectiveness” means dollars provided to a project
26 pursuant to subdivision (d) of Section 44283 for each ton of NO_x
27 reduction attributed to a project or to the program as a whole. In
28 calculating cost-effectiveness, one-time grants of funds made at
29 the beginning of a project shall be annualized using a time value
30 of public funds or discount rate determined for each project by the
31 state board, taking into account the interest rate on bonds, interest
32 earned by state funds, and other factors as determined appropriate
33 by the state board. Cost-effectiveness shall be calculated by
34 dividing annualized costs by average annual emissions reduction
35 of NO_x in this state.

36 (5) “Covered engine” includes any internal combustion engine
37 or electric motor and drive powering a covered source.

38 (6) “Covered source” includes onroad vehicles of 14,000 pounds
39 GVWR or greater, offroad nonrecreational equipment and vehicles,
40 locomotives, diesel marine vessels, stationary agricultural engines,

1 and, as determined by the state board, other high-emitting diesel
2 engine categories.

3 (7) "Covered vehicle" includes any vehicle or piece of
4 equipment powered by a covered engine.

5 (8) "District" means a county air pollution control district or an
6 air quality management district.

7 (9) "Fund" means the Carl Moyer Memorial Air Quality
8 Standards Attainment Trust Fund created by Section 44299.

9 (10) "Mobile Source Air Pollution Reduction Review
10 Committee" means the Mobile Source Air Pollution Reduction
11 Review Committee created by Section 44244.

12 (11) "Incremental cost" means the cost of the project less a
13 baseline cost that would otherwise be incurred by the applicant in
14 the normal course of business. Incremental costs may include
15 added lease or fuel costs pursuant to Section 44283 as well as
16 incremental capital costs.

17 (12) "New very low emission vehicle" means a vehicle that
18 qualifies as a very low emission vehicle when it is a new vehicle,
19 where new vehicle has the same meaning as defined in Section
20 430 of the Vehicle Code, or that is modified with the approval and
21 warranty of the original equipment manufacturer to qualify as a
22 very low emission vehicle within 12 months of delivery to an
23 owner for private or commercial use.

24 (13) "NO_x" means oxides of nitrogen.

25 (14) "Program" means the Carl Moyer Memorial Air Quality
26 Standards Attainment Program created by subdivision (a) of
27 Section 44280.

28 (15) "Repower" means replacing an engine with a different
29 engine. The term repower, as used in this chapter, generally refers
30 to replacing an older, uncontrolled engine with a new,
31 emissions-certified engine, although replacing an older
32 emissions-certified engine with a newer engine certified to lower
33 emissions standards may be eligible for funding under this program.

34 (16) "Retrofit" means making modifications to the engine and
35 fuel system such that the retrofitted engine does not have the same
36 specifications as the original engine.

37 (17) "Very low emission vehicle" means a vehicle with
38 emissions significantly lower than otherwise applicable baseline
39 emission standards or uncontrolled emission levels pursuant to
40 Section 44282.

(b) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 13. Section 44280 of the Health and Safety Code, as amended by Section 6 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce covered emissions from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. The infrastructure demonstration and technology development portions of the program shall be managed by the commission, in consultation with the state board.

(d) This section shall remain in effect only until January 1, ~~2015~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2015~~ 2024, deletes or extends that date.

SEC. 14. Section 44280 of the Health and Safety Code, as added by Section 6.5 of Chapter 707 of the Statutes of 2004, is amended to read:

44280. (a) There is hereby created the Carl Moyer Memorial Air Quality Standards Attainment Program. The program shall be administered by the state board in accordance with this chapter. The administration of the program may be delegated to the districts.

(b) The program shall provide grants to offset the incremental cost of projects that reduce emissions of NO_x from covered sources in California. Eligibility for grant awards shall be determined by the state board, in consultation with the districts, in accordance with this chapter.

(c) The program shall also provide funding for a fueling infrastructure demonstration program and for technology

1 development efforts that are expected to result in commercially
2 available technologies in the near-term that would improve the
3 ability of the program to achieve its goals. The infrastructure
4 demonstration and technology development portions of the program
5 shall be managed by the commission, in consultation with the state
6 board.

7 (d) This section shall become operative on January 1, ~~2015~~
8 2024.

9 SEC. 15. Section 44281 of the Health and Safety Code, as
10 amended by Section 7 of Chapter 707 of the Statutes of 2004, is
11 amended to read:

12 44281. (a) Eligible projects include, but are not limited to, any
13 of the following:

14 (1) Purchase of new very low or zero-emission covered vehicles
15 or covered heavy-duty engines.

16 (2) Emission-reducing retrofit of covered engines, or
17 replacement of old engines powering covered sources with newer
18 engines certified to more stringent emissions standards than the
19 engine being replaced, or with electric motors or drives.

20 (3) Purchase and use of emission-reducing add-on equipment
21 that has been verified by the state board for covered vehicles.

22 (4) Development and demonstration of practical, low-emission
23 retrofit technologies, repower options, and advanced technologies
24 for covered engines and vehicles with very low emissions of oxides
25 of nitrogen.

26 (5) Light- and medium-duty vehicle projects in compliance with
27 guidelines adopted by the state board pursuant to Title 13 of the
28 California Code of Regulations.

29 (b) No project shall be funded under this chapter after the
30 compliance date required by any local, state, or federal statute,
31 rule, regulation, memoranda of agreement or understanding, or
32 other legally binding document, except that an otherwise qualified
33 project may be funded even if the State Implementation Plan
34 assumes that the change in equipment, vehicles, or operations will
35 occur, if the change is not required by the compliance date of a
36 statute, regulation, or other legally binding document in effect as
37 of the date the grant is awarded. No project funded by the program
38 shall be used for credit under any state or federal emissions
39 averaging, banking, or trading program. No emission reduction
40 generated by the program shall be used as marketable emission

1 reduction credits or to offset any emission reduction obligation of
2 any person or entity. Projects involving new engines that would
3 otherwise generate marketable credits under state or federal
4 averaging, banking, and trading programs shall include transfer
5 of credits to the engine end user and retirement of those credits
6 toward reducing air emissions in order to qualify for funding under
7 the program. A purchase of a low-emission vehicle or of equipment
8 pursuant to a corporate or a controlling board's policy, but not
9 otherwise required by law, shall generate surplus emissions
10 reductions and may be funded by the program.

11 (c) The program may also provide funding toward installation
12 of fueling or electrification infrastructure as provided in Section
13 44284.

14 (d) Eligible applicants may be any individual, company, or
15 public agency that owns one or more covered vehicles that operate
16 primarily within California or otherwise contribute substantially
17 to the NO_x, PM or ROG emissions inventory in California.

18 (e) It is the intent of the Legislature that all emission reductions
19 generated by this chapter shall contribute to public health by
20 reducing, for the life of the vehicle being funded, the total amount
21 of emissions in California.

22 (f) This section shall remain in effect only until January 1, ~~2015~~
23 2024, and as of that date is repealed, unless a later enacted statute,
24 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
25 that date.

26 SEC. 16. Section 44281 of the Health and Safety Code, as
27 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is
28 amended to read:

29 44281. (a) Eligible projects are any of the following:

30 (1) Purchase of new very low or zero-emission covered vehicles
31 or covered engines.

32 (2) Emission-reducing retrofit of covered engines, or
33 replacement of old engines powering covered sources with newer
34 engines certified to more stringent emissions standards than the
35 engine being replaced, or with electric motors or drives.

36 (3) Purchase and use of emission-reducing add-on equipment
37 for covered vehicles.

38 (4) Development and demonstration of practical, low-emission
39 retrofit technologies, repower options, and advanced technologies

1 for covered engines and vehicles with very low emissions of oxides
2 of nitrogen.

3 (b) No new purchase, retrofit, repower, or add-on equipment
4 shall be funded under this chapter if it is required by any local,
5 state, or federal statute, rule, regulation, memoranda of agreement
6 or understanding, or other legally binding document, except that
7 an otherwise qualified project may be funded even if the State
8 Implementation Plan assumes that the change in equipment,
9 vehicles, or operations will occur, if the change is not required by
10 a statute, regulation, or other legally binding document in effect
11 as of the date the grant is awarded. No project funded by the
12 program shall be used for credit under any state or federal
13 emissions averaging, banking, or trading program. No emission
14 reduction generated by the program shall be used as marketable
15 emission reduction credits or to offset any emission reduction
16 obligation of any entity. Projects involving new engines that would
17 otherwise generate marketable credits under state or federal
18 averaging, banking, and trading programs shall include transfer
19 of credits to the engine end user and retirement of those credits
20 toward reducing air emissions in order to qualify for funding under
21 the program. A purchase of a low-emission vehicle or of equipment
22 pursuant to a corporate or a controlling board's policy, but not
23 otherwise required by law, shall generate surplus emissions
24 reductions and may be funded by the program.

25 (c) The program may also provide funding toward installation
26 of fueling or electrification infrastructure as provided in Section
27 44284.

28 (d) Eligible applicants may be any individual, company, or
29 public agency that owns one or more covered vehicles that operate
30 primarily within California or otherwise contribute substantially
31 to the NO_x emissions inventory in California.

32 (e) It is the intent of the Legislature that all emission reductions
33 generated by this chapter shall contribute to public health by
34 reducing, for the life of the vehicle being funded, the total amount
35 of emissions in California.

36 (f) This section shall become operative on January 1, ~~2015~~ 2024.

37 SEC. 17. Section 44282 of the Health and Safety Code, as
38 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
39 amended to read:

1 44282. The following criteria apply to all projects to be funded
2 through the program except for projects funded through the
3 Advanced Technology Account and the Infrastructure
4 Demonstration Program:

5 (a) The state board may establish project criteria, including
6 minimum project life for source categories, in the guidelines
7 described in Section 44287. For previously unregulated source
8 categories, project criteria shall consider the timing of newly
9 established regulatory requirements.

10 (b) To be eligible, projects shall meet the cost-effectiveness per
11 ton of covered emissions reduced requirements of Section 44283.

12 (c) To be eligible, retrofits, repowers, and installation of add-on
13 equipment for covered vehicles shall be performed, or new covered
14 vehicles delivered to the end user, or covered vehicles scrapped
15 on or after the date the program is implemented.

16 (d) Retrofit technologies, new engines, and new vehicles shall
17 be certified for sale or under experimental permit for operation in
18 California.

19 (e) Repower projects that replace older, uncontrolled engines
20 with new, emissions-certified engines or that replace
21 emissions-certified engines with new engines certified to a more
22 stringent NO_x emissions standard are approvable subject to the
23 other applicable selection criteria. The state board shall determine
24 appropriate baseline emission levels for the uncontrolled engines
25 being replaced.

26 (f) For heavy-duty-vehicle projects, retrofit and add-on
27 equipment projects shall document a NO_x or PM emission
28 reduction of at least 25 percent and no increase in other covered
29 emissions compared to the applicable baseline emissions accepted
30 by the state board for that engine year and application. The state
31 board shall determine appropriate baseline emission levels.
32 Acceptable documentation shall be defined by the state board.
33 After study of available emission reduction technologies and after
34 public notice and comment, the state board may revise the
35 minimum percentage emission reduction criterion for retrofits and
36 add-on equipment provided for in this section to improve the ability
37 of the program to achieve its goals.

38 (g) (1) For heavy-duty-vehicle projects involving the purchase
39 of new very low or zero-emission vehicles, engines shall be

1 certified to an optional low NO_x emissions standard established
2 by the state board, except as provided for in paragraph (2).

3 (2) For heavy-duty-vehicle projects involving the purchase of
4 new very low or zero-emission covered vehicles for which no
5 optional low NO_x emission standards are available, documentation
6 shall be provided showing that the low or zero-emission engine
7 emits not more than 70 percent of the NO_x or NO_x plus
8 hydrocarbon emissions of a new engine certified to the applicable
9 baseline NO_x or NO_x plus hydrocarbon emission standard for that
10 engine and meets applicable particulate standards. The state board
11 shall specify the documentation required. If no baseline emission
12 standard exists for new vehicles in a particular category, the state
13 board shall determine an appropriate baseline emission level for
14 comparison.

15 (h) For projects other than heavy-duty-vehicle projects, the state
16 board shall determine appropriate criteria under the provisions of
17 Section 44287.

18 (i) This section shall remain in effect only until January 1, ~~2015~~
19 2024, and as of that date is repealed, unless a later enacted statute,
20 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
21 that date.

22 SEC. 18. Section 44282 of the Health and Safety Code, as
23 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
24 amended to read:

25 44282. The following criteria apply to all projects to be funded
26 through the program except for projects funded through the
27 Advanced Technology Account and the Infrastructure
28 Demonstration Program:

29 (a) Except for projects involving marine vessels, 75 percent or
30 more of vehicle miles traveled or hours of operation shall be
31 projected to be in California for at least five years following the
32 grant award. Projects involving marine vessels and engines shall
33 be limited to those that spend enough time operating in California
34 air basins over the lifetime of the project to meet the
35 cost-effectiveness criteria based on NO_x reductions in California,
36 as provided in Section 44283.

37 (b) To be eligible, projects shall meet cost-effectiveness per ton
38 of NO_x reduced requirements of Section 44283.

39 (c) To be eligible, retrofits, repowers, and installation of add-on
40 equipment for covered vehicles shall be performed, or new covered

1 vehicles delivered to the end user, on or after the date the program
2 is implemented.

3 (d) Retrofit technologies, new engines, and new vehicles shall
4 be certified for sale or under experimental permit for operation in
5 California.

6 (e) Repower projects that replace older, uncontrolled engines
7 with new, emissions-certified engines or that replace
8 emissions-certified engines with new engines certified to a more
9 stringent NO_x emissions standard are approvable subject to the
10 other applicable selection criteria. The state board shall determine
11 appropriate baseline emission levels for the uncontrolled engines
12 being replaced.

13 (f) Retrofit and add-on equipment projects shall document a
14 NO_x emission reduction of at least 25 percent and no increase in
15 particulate emissions compared to the applicable baseline emissions
16 accepted by the state board for that engine year and application.
17 The state board shall determine appropriate baseline emission
18 levels. Acceptable documentation shall be defined by the state
19 board. After study of available emission reduction technologies
20 and after public notice and comment, the state board may revise
21 the minimum percentage NO_x reduction criterion for retrofits and
22 add-on equipment provided for in this section to improve the ability
23 of the program to achieve its goals.

24 (g) (1) For projects involving the purchase of new very low or
25 zero-emission vehicles, engines shall be certified to an optional
26 low NO_x emissions standard established by the state board, except
27 as provided for in paragraph (2).

28 (2) For projects involving the purchase of new very low or
29 zero-emission covered vehicles for which no optional low NO_x
30 emission standards are available, documentation shall be provided
31 showing that the low or zero-emission engine emits not more than
32 70 percent of the NO_x or NO_x plus hydrocarbon emissions of a
33 new engine certified to the applicable baseline NO_x or NO_x plus
34 hydrocarbon emission standard for that engine and meets applicable
35 particulate standards. The state board shall specify the
36 documentation required. If no baseline emission standard exists
37 for new vehicles in a particular category, the state board shall
38 determine an appropriate baseline emission level for comparison.

39 (h) This section shall become operative on January 1, ~~2015~~
40 2024.

1 SEC. 19. Section 44283 of the Health and Safety Code, as
2 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a
5 cost-effectiveness, calculated in accordance with this section, of
6 more than thirteen thousand six hundred dollars (\$13,600) per ton
7 of NO_x reduced in California or a higher value that reflects state
8 consumer price index adjustments on or after January 1, 2006, as
9 determined by the state board. For projects obtaining reactive
10 organic gas and particulate matter reductions, the state board shall
11 determine appropriate adjustment factors to calculate a weighted
12 cost-effectiveness.

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

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

22 (d) The cost of the covered emission reduction is the amount
23 of the grant from the program, including matching funds provided
24 pursuant to subdivision (e) of Section 44287, plus any other state
25 funds, or funds under the district's budget authority or fiduciary
26 control, provided toward the project, not including funds described
27 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
28 The state board shall establish reasonable methodologies for
29 evaluating project cost-effectiveness, consistent with the definition
30 contained in paragraph (4) of subdivision (a) of Section 44275,
31 and with accepted methods, taking into account a fair and
32 reasonable discount rate or time value of public funds.

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

38 (f) Funds under a district's budget authority or fiduciary control
39 may be used to pay for the incremental cost of liquid or gaseous
40 fuel, other than standard gasoline or diesel, which is integral to a

covered emission reducing technology that is part of a project receiving grant funding under the program. The fuel shall be approved for sale by the state board. The incremental fuel cost over the expected lifetime of the vehicle may be offset by the district if the project as a whole, including the incremental fuel cost, meets all of the requirements of this chapter, including the maximum allowed cost-effectiveness. The state board shall develop an appropriate methodology for converting incremental fuel costs over the vehicle lifetime into an initial cost for the purposes of determining project cost-effectiveness. Incremental fuel costs shall not be included in project costs for fuels dispensed from any facility that was funded, in whole or in part, from the fund.

(g) For purposes of determining any grant amount pursuant to this chapter, the incremental cost of any new purchase, retrofit, repower, or add-on equipment shall be reduced by the value of any current financial incentive that directly reduces the project price, including any tax credits or deductions, grants, or other public financial assistance, not including funds described in paragraphs (1) and (2) of subdivision (a) of Section 44287.2. Project proponents applying for funding shall be required to state in their application any other public financial assistance to the project.

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

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

(j) This section shall remain in effect only until January 1, ~~2015~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2015~~ 2024, deletes or extends that date.

1 SEC. 20. Section 44283 of the Health and Safety Code, as
2 amended by Section 2 of Chapter 571 of the Statutes of 2010, is
3 amended to read:

4 44283. (a) Grants shall not be made for projects with a
5 cost-effectiveness, calculated in accordance with this section, of
6 more than twelve thousand dollars (\$12,000) per ton of NO_x
7 reduced in California or a higher value that reflects state consumer
8 price index adjustments on or after January 1, ~~2015~~ 2024, as
9 determined by the state board.

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

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

19 (d) The cost of the NO_x reduction is the amount of the grant
20 from the program, including matching funds provided pursuant to
21 subdivision (e) of Section 44287, plus any other state funds, or
22 funds under the district's budget authority or fiduciary control,
23 provided toward the project, not including funds described in
24 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The
25 state board shall establish reasonable methodologies for evaluating
26 project cost-effectiveness, consistent with the definition contained
27 in paragraph (4) of subdivision (a) of Section 44275, and with
28 accepted methods, taking into account a fair and reasonable
29 discount rate or time value of public funds.

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

35 (f) Funds under a district's budget authority or fiduciary control
36 may be used to pay for the incremental cost of liquid or gaseous
37 fuel, other than standard gasoline or diesel, which is integral to a
38 NO_x reducing technology that is part of a project receiving grant
39 funding under the program. The fuel shall be approved for sale by
40 the state board. The incremental fuel cost over the expected lifetime

1 of the vehicle may be offset by the district if the project as a whole,
2 including the incremental fuel cost, meets all of the requirements
3 of this chapter, including the maximum allowed cost-effectiveness.
4 The state board shall develop an appropriate methodology for
5 converting incremental fuel costs over the vehicle lifetime into an
6 initial cost for the purposes of determining project
7 cost-effectiveness. Incremental fuel costs shall not be included in
8 project costs for fuels dispensed from any facility that was funded,
9 in whole or in part, from the fund.

10 (g) For purposes of determining any grant amount pursuant to
11 this chapter, the incremental cost of any new purchase, retrofit,
12 repower, or add-on equipment shall be reduced by the value of
13 any current financial incentive that directly reduces the project
14 price, including any tax credits or deductions, grants, or other
15 public financial assistance, not including funds described in
16 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
17 Project proponents applying for funding shall be required to state
18 in their application any other public financial assistance to the
19 project.

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

25 (i) After study of available emission reduction technologies and
26 costs and after public notice and comment, the state board may
27 reduce the values of the maximum grant award criteria stated in
28 this section to improve the ability of the program to achieve its
29 goals. Every year the state board shall adjust the maximum
30 cost-effectiveness amount established in subdivision (a) and any
31 per-project maximum set by the state board pursuant to subdivision
32 (h) to account for inflation.

33 (j) This section shall become operative on January 1, ~~2015~~ 2024.
34 SEC. 21. Section 44287 of the Health and Safety Code, as
35 amended by Section 10 of Chapter 707 of the Statutes of 2004, is
36 amended to read:

37 44287. (a) The state board shall establish or update grant
38 criteria and guidelines consistent with this chapter for covered
39 vehicle projects as soon as practicable, but not later than January
40 1, 2006. The adoption of guidelines is exempt from the rulemaking

provisions of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The state board shall solicit input and comment from the districts during the development of the criteria and guidelines and shall make every effort to develop criteria and guidelines that are compatible with existing district programs that are also consistent with this chapter. Guidelines shall include protocols to calculate project cost-effectiveness. The grant criteria and guidelines shall include safeguards to ensure that the project generates surplus emissions reductions. Guidelines shall enable and encourage districts to cofund projects that provide emissions reductions in more than one district. The state board shall make draft criteria and guidelines available to the public 45 days before final adoption, and shall hold at least one public meeting to consider public comments before final adoption. The state board may develop separate guidelines and criteria for the different types of eligible projects described in subdivision (a) of Section 44281.

(b) The state board, in consultation with the participating districts, may propose revisions to the criteria and guidelines established pursuant to subdivision (a) as necessary to improve the ability of the program to achieve its goals. A proposed revision shall be made available to the public 45 days before final adoption of the revision and the state board shall hold at least one public meeting to consider public comments before final adoption of the revision.

(c) The state board shall reserve funds for, and disburse funds to, districts from the fund for administration pursuant to this section and Section 44299.1.

(d) The state board shall develop guidelines for a district to follow in applying for the reservation of funds, in accordance with this chapter. It is the intent of the Legislature that district administration of any reserved funds be in accordance with the project selection criteria specified in Sections 44281, 44282, and 44283 and all other provisions of this chapter. The guidelines shall be established and published by the state board as soon as practicable, but not later than January 1, 2006.

(e) Funds shall be reserved by the state board for administration by a district that adopts an eligible program pursuant to this chapter and offers matching funds at a ratio of one dollar (\$1) of matching funds committed by the district or the Mobile Source Air Pollution

1 Reduction Review Committee for every two dollars (\$2) committed
2 from the fund. Funds available to the Mobile Source Air Pollution
3 Reduction Review Committee may be counted as matching funds
4 for projects in the South Coast Air Basin only if the committee
5 approves the use of these funds for matching purposes. Matching
6 funds may be any funds under the district's budget authority that
7 are committed to be expended in accordance with the program.
8 Funds committed by a port authority or a local government, in
9 cooperation with a district, to be expended in accordance with the
10 program may also be counted as district matching funds. Matching
11 funds provided by a port authority or a local government may not
12 exceed 30 percent of the total required matching funds in any
13 district that applies for more than three hundred thousand dollars
14 (\$300,000) of the state board funds. Only a district, or a port
15 authority or a local government teamed with a district, may provide
16 matching funds.

17 (f) The state board may adjust the ratio of matching funds
18 described in subdivision (e), if it determines that an adjustment is
19 necessary in order to maximize the use of, or the air quality benefits
20 provided by, the program, based on a consideration of the financial
21 resources of the district.

22 (g) Notwithstanding subdivision (e), a district need not provide
23 matching funds for state board funds allocated to the district for
24 program outreach activities pursuant to paragraph (4) of subdivision
25 (a) of Section 44299.1.

26 (h) A district may include within its matching funds a reasonable
27 estimate of direct or in-kind costs for assistance in providing
28 program outreach and application evaluation. In-kind and direct
29 matching funds shall not exceed 15 percent of the total matching
30 funds offered by a district. A district may also include within its
31 matching funds any money spent on or after February 25, 1999,
32 that would have qualified as matching funds but were not
33 previously claimed as matching funds.

34 (i) A district desiring a reservation of funds shall apply to the
35 state board following the application guidelines established
36 pursuant to this section. The state board shall approve or disapprove
37 a district application not later than 60 days after receipt. Upon
38 approval of any district application, the state board shall
39 simultaneously approve a reservation of funding for that district

1 to administer. Reserved funds shall be disbursed to the district so
2 that funding of a district-approved project is not impeded.

3 (j) Notwithstanding any other provision of this chapter, districts
4 and the Mobile Source Air Pollution Reduction Review Committee
5 shall not use funds collected pursuant to Section 41081 or Chapter
6 7 (commencing with Section 44220), or pursuant to Section
7 9250.11 of the Vehicle Code, as matching funds to fund a project
8 with stationary or portable engines, locomotives, or marine vessels.

9 (k) Any funds reserved for a district pursuant to this section are
10 available to the district for a period of not more than two years
11 from the time of reservation. Funds not expended by June 30 of
12 the second calendar year following the date of the reservation shall
13 revert back to the state board as of that June 30, and shall be
14 deposited in the Covered Vehicle Account established pursuant to
15 Section 44299. The funds may then be redirected based on
16 applications to the fund. Regardless of any reversion of funds back
17 to the state board, the district may continue to request other
18 reservations of funds for local administration. Each reservation of
19 funds shall be accounted for separately, and unused funds from
20 each application shall revert back to the state board as specified
21 in this subdivision.

22 (l) The state board shall specify a date each year when district
23 applications are due. If the eligible applications received in any
24 year oversubscribe the available funds, the state board shall reserve
25 funds on an allocation basis, pursuant to Section 44299.2. The
26 state board may accept a district application after the due date for
27 a period of months specified by the state board. Funds may be
28 reserved in response to those applications, in accordance with this
29 chapter, out of funds remaining after the original reservation of
30 funds for the year.

31 (m) Guidelines for a district application shall require information
32 from an applicant district to the extent necessary to meet the
33 requirements of this chapter, but shall otherwise minimize the
34 information required of a district.

35 (n) A district application shall be reviewed by the state board
36 immediately upon receipt. If the state board determines that an
37 application is incomplete, the applicant shall be notified within 10
38 working days with an explanation of what is missing from the
39 application. A completed application fulfilling the criteria shall be

1 approved as soon as practicable, but not later than 60 working days
2 after receipt.

3 (o) The commission, in consultation with the districts, shall
4 establish project approval criteria and guidelines for infrastructure
5 projects consistent with Section 44284 as soon as practicable, but
6 not later than February 15, 2000. The commission shall make draft
7 criteria and guidelines available to the public 45 days before final
8 adoption, and shall hold at least one public meeting to consider
9 public comments before final adoption.

10 (p) The commission, in consultation with the participating
11 districts, may propose revisions to the criteria and guidelines
12 established pursuant to subdivision (o) as necessary to improve
13 the ability of the program to achieve its goals. A revision may be
14 proposed at any time, or may be proposed in response to a finding
15 made in the annual report on the program published by the state
16 board pursuant to Section 44295. A proposed revision shall be
17 made available to the public 45 days before final adoption of the
18 revision and the commission shall hold at least one public meeting
19 to consider public comments before final adoption of the revision.

20 (q) Unclaimed funds will be allocated by the state board in
21 accordance with Section 44299.2.

22 (r) This section shall remain in effect only until January 1, ~~2015~~
23 2024, and as of that date is repealed, unless a later enacted statute,
24 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
25 that date.

26 SEC. 22. Section 44287 of the Health and Safety Code, as
27 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
28 amended to read:

29 44287. (a) The state board shall establish grant criteria and
30 guidelines consistent with this chapter for covered vehicle projects
31 as soon as practicable, but not later than January 1, 2000. The
32 adoption of guidelines is exempt from the rulemaking provisions
33 of the Administrative Procedure Act, Chapter 3.5 (commencing
34 with Section 11340) of Part 1 of Division 3 of Title 2 of the
35 Government Code. The state board shall solicit input and comment
36 from the districts during the development of the criteria and
37 guidelines and shall make every effort to develop criteria and
38 guidelines that are compatible with existing district programs that
39 are also consistent with this chapter. Guidelines shall include
40 protocols to calculate project cost-effectiveness. The grant criteria

1 and guidelines shall include safeguards to ensure that the project
2 generates surplus emissions reductions. Guidelines shall enable
3 and encourage districts to cofund projects that provide emissions
4 reductions in more than one district. The state board shall make
5 draft criteria and guidelines available to the public 45 days before
6 final adoption, and shall hold at least one public meeting to
7 consider public comments before final adoption.

8 (b) The state board, in consultation with the participating
9 districts, may propose revisions to the criteria and guidelines
10 established pursuant to subdivision (a) as necessary to improve
11 the ability of the program to achieve its goals. A proposed revision
12 shall be made available to the public 45 days before final adoption
13 of the revision and the state board shall hold at least one public
14 meeting to consider public comments before final adoption of the
15 revision.

16 (c) The state board shall reserve funds for, and disburse funds
17 to, districts from the fund for administration pursuant to this section
18 and Section 44299.1.

19 (d) The state board shall develop guidelines for a district to
20 follow in applying for the reservation of funds, in accordance with
21 this chapter. It is the intent of the Legislature that district
22 administration of any reserved funds be in accordance with the
23 project selection criteria specified in Sections 44281, 44282, and
24 44283 and all other provisions of this chapter. The guidelines shall
25 be established and published by the state board as soon as
26 practicable, but not later than January 1, 2000.

27 (e) Funds shall be reserved by the state board for administration
28 by a district that adopts an eligible program pursuant to this chapter
29 and offers matching funds at a ratio of one dollar (\$1) of matching
30 funds committed by the district or the Mobile Source Air Pollution
31 Reduction Review Committee for every two dollars (\$2) committed
32 from the fund. Funds available to the Mobile Source Air Pollution
33 Reduction Review Committee may be counted as matching funds
34 for projects in the South Coast Air Basin only if the committee
35 approves the use of these funds for matching purposes. Matching
36 funds may be any funds under the district's budget authority that
37 are committed to be expended in accordance with the program.
38 Funds committed by a port authority or a local government, in
39 cooperation with a district, to be expended in accordance with the
40 program may also be counted as district matching funds. Matching

1 funds provided by a port authority or a local government may not
2 exceed 30 percent of the total required matching funds in any
3 district that applies for more than three hundred thousand dollars
4 (\$300,000) of the state board funds. Only a district, or a port
5 authority or a local government teamed with a district, may provide
6 matching funds.

7 (f) The state board may adjust the ratio of matching funds
8 described in subdivision (e), if it determines that an adjustment is
9 necessary in order to maximize the use of, or the air quality benefits
10 provided by, the program, based on a consideration of the financial
11 resources of the district.

12 (g) Notwithstanding subdivision (e), a district need not provide
13 matching funds for state board funds allocated to the district for
14 program outreach activities pursuant to paragraph (4) of subdivision
15 (a) of Section 44299.1.

16 (h) A district may include within its matching funds a reasonable
17 estimate of direct or in-kind costs for assistance in providing
18 program outreach and application evaluation. In-kind and direct
19 matching funds shall not exceed 15 percent of the total matching
20 funds offered by a district. A district may also include within its
21 matching funds any money spent on or after February 25, 1999,
22 that would have qualified as matching funds but were not
23 previously claimed as matching funds.

24 (i) A district desiring a reservation of funds shall apply to the
25 state board following the application guidelines established
26 pursuant to this section. The state board shall approve or disapprove
27 a district application not later than 60 days after receipt. Upon
28 approval of any district application, the state board shall
29 simultaneously approve a reservation of funding for that district
30 to administer. Reserved funds shall be disbursed to the district so
31 that funding of a district-approved project is not impeded.

32 (j) Notwithstanding any other provision of this chapter, districts
33 and the Mobile Source Air Pollution Reduction Review Committee
34 shall not use funds collected pursuant to Section 41081 or Chapter
35 7 (commencing with Section 44220), or pursuant to Section
36 9250.11 of the Vehicle Code, as matching funds to fund a project
37 with stationary or portable engines, locomotives, or marine vessels.

38 (k) Any funds reserved for a district pursuant to this section are
39 available to the district for a period of not more than two years
40 from the time of reservation. Funds not expended by June 30 of

the second calendar year following the date of the reservation shall revert back to the state board as of that June 30, and shall be deposited in the Covered Vehicle Account established pursuant to Section 44299. The funds may then be redirected based on applications to the fund. Regardless of any reversion of funds back to the state board, the district may continue to request other reservations of funds for local administration. Each reservation of funds shall be accounted for separately, and unused funds from each application shall revert back to the state board as specified in this subdivision.

(l) The state board shall specify a date each year when district applications are due. If the eligible applications received in any year oversubscribe the available funds, the state board shall reserve funds on an allocation basis, pursuant to subdivision (b) of Section 44299.1. The state board may accept a district application after the due date for a period of months specified by the state board. Funds may be reserved in response to those applications, in accordance with this chapter, out of funds remaining after the original reservation of funds for the year.

(m) Guidelines for a district application shall require information from an applicant district to the extent necessary to meet the requirements of this chapter, but shall otherwise minimize the information required of a district.

(n) A district application shall be reviewed by the state board immediately upon receipt. If the state board determines that an application is incomplete, the applicant shall be notified within 10 working days with an explanation of what is missing from the application. A completed application fulfilling the criteria shall be approved as soon as practicable, but not later than 60 working days after receipt.

(o) The state board, in consultation with the districts, shall establish project approval criteria and guidelines for infrastructure projects consistent with Section 44284 as soon as practicable, but not later than February 15, 2000. The commission shall make draft criteria and guidelines available to the public 45 days before final adoption, and shall hold at least one public meeting to consider public comments before final adoption.

(p) The state board, in consultation with the participating districts, may propose revisions to the criteria and guidelines established pursuant to subdivision (o) as necessary to improve

1 the ability of the program to achieve its goals. A revision may be
2 proposed at any time, or may be proposed in response to a finding
3 made in the annual report on the program published by the state
4 board pursuant to Section 44295. A proposed revision shall be
5 made available to the public 45 days before final adoption of the
6 revision and the commission shall hold at least one public meeting
7 to consider public comments before final adoption of the revision.

8 (q) This section shall become operative on January 1, ~~2015~~
9 2024.

10 SEC. 23. Section 44299.1 of the Health and Safety Code, as
11 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
12 amended to read:

13 44299.1. (a) To ensure that emission reductions are obtained
14 as needed from pollution sources, any money deposited in or
15 appropriated to the fund shall be segregated and administered as
16 follows:

17 (1) Not more than 2 percent of the moneys in the fund shall be
18 allocated to program support and outreach costs incurred by the
19 state board and the commission directly associated with
20 implementing the program pursuant to this chapter. These funds
21 shall be allocated to the state board and the commission in
22 proportion to total program funds administered by the state board
23 and the commission.

24 (2) Not more than 2 percent of the moneys in the fund shall be
25 allocated to direct program outreach activities. The state board
26 may use these funds for program outreach contracts or may allocate
27 outreach funds to participating air districts in proportion to each
28 district's allocation from the Covered Vehicle Account. The state
29 board shall report on the use of outreach funds in their reports to
30 the Legislature pursuant to Section 44295.

31 (3) The balance shall be deposited in the Covered Vehicle
32 Account to be expended to offset added costs of new very low or
33 zero-emission vehicle technologies, and emission reducing
34 repowers, retrofits, and add-on equipment for covered vehicles
35 and engines, and other projects specified in Section 44281.

36 (b) Funds in the Covered Vehicle Account shall be allocated to
37 a district that submits an eligible application to the state board
38 pursuant to Section 44287. The state board shall determine the
39 maximum amount of annual funding from the Covered Vehicle
40 Account that each district may receive. This determination shall

1 be based on the population in each district as well as the relative
2 importance of obtaining covered emission reductions in each
3 district, specifically through the program.

4 (c) Not more than 5 percent of the moneys allocated pursuant
5 to this chapter to a district with a population of one million or more
6 may be used by the district for indirect costs of implementation of
7 the program, including outreach costs that are subject to the
8 limitation in paragraph (2) of subdivision (a).

9 (d) Not more than 10 percent of the moneys allocated pursuant
10 to this chapter to a district with a population of less than one
11 million may be used by the district for indirect costs of
12 implementation of the program, including outreach costs that are
13 subject to the limitation in paragraph (2) of subdivision (a).

14 (e) This section shall remain in effect only until January 1, 2015
15 2024, and as of that date is repealed, unless a later enacted statute,
16 that is enacted before January 1, 2015 2024, deletes or extends
17 that date.

18 SEC. 24. Section 44299.1 of the Health and Safety Code, as
19 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
20 amended to read:

21 44299.1. (a) To ensure that emission reductions are obtained
22 as needed from pollution sources, any money deposited in or
23 appropriated to the fund shall be segregated and administered as
24 follows:

25 (1) Ten percent, not to exceed two million dollars (\$2,000,000),
26 shall be allocated to the Infrastructure Demonstration Project to
27 be used pursuant to Section 44284.

28 (2) Ten percent shall be deposited in the Advanced Technology
29 Account to be used to support research, development,
30 demonstration, and commercialization of advanced low-emission
31 technologies for covered sources that show promise of contributing
32 to the goals of the program.

33 (3) Not more than 2 percent of the moneys in the fund shall be
34 allocated to program support and outreach costs incurred by the
35 state board and the commission directly associated with
36 implementing the program pursuant to this chapter. These funds
37 shall be allocated to the state board and the commission in
38 proportion to total program funds administered by the state board
39 and the commission.

(4) Not more than 2 percent of the moneys in the fund shall be allocated to direct program outreach activities. The state board may use these funds for program outreach contracts or may allocate outreach funds to participating air districts in proportion to each district's allocation from the Covered Vehicle Account. The state board shall report on the use of outreach funds in their reports to the Legislature pursuant to Section 44295.

(5) The balance shall be deposited in the Covered Vehicle Account to be expended to offset added costs of new very low or zero-emission vehicle technologies, and emission reducing repowers, retrofits, and add-on equipment for covered vehicles and engines.

(b) Funds in the Covered Vehicle Account shall be allocated to a district that submits an eligible application to the state board pursuant to Section 44287. The state board shall determine the maximum amount of annual funding from the Covered Vehicle Account that each district may receive. This determination shall be based on the population in each district as well as the relative importance of obtaining NO_x reductions in each district, specifically through the program.

(c) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 25. Section 44299.2 of the Health and Safety Code is amended to read:

44299.2. Funds shall be allocated to local air pollution control and air quality management districts, and shall be subject to administrative terms and conditions as follows:

(a) Available funds shall be distributed to districts taking into consideration the population of the area, the severity of the air quality problems experienced by the population, and the historical allocation of the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, except that the south coast district shall be allocated a percentage of the total funds available to districts that is proportional to the percentage of the total state population residing within the jurisdictional boundaries of that district. For the purposes of this subdivision, population shall be determined by the state board based on the most recent data provided by the Department of Finance. The allocation to the south coast district shall be subtracted from the total funds available to districts. Each district, except the south coast district, shall be awarded a minimum

1 allocation of two hundred thousand dollars (\$200,000), and the
2 remainder, which shall be known as the “allocation amount,” shall
3 be allocated to all districts as follows:

4 (1) The state board shall distribute 35 percent of the allocation
5 amount to the districts in proportion to the percentage of the total
6 residual state population that resides within each district’s
7 boundaries. For purposes of this paragraph, “total residual state
8 population” means the total state population, less the total
9 population that resides within the south coast district.

10 (2) The state board shall distribute 35 percent of the allocation
11 amount to the districts in proportion to the severity of the air quality
12 problems to which each district’s population is exposed. The
13 severity of the exposure shall be calculated as follows:

14 (A) Each district shall be awarded severity points based on the
15 district’s attainment designation and classification, as most recently
16 promulgated by the federal Environmental Protection Agency for
17 the National Ambient Air Quality Standard for ozone averaged
18 over eight hours, as follows:

19 (i) A district that is designated attainment for the federal
20 eight-hour ozone standard shall be awarded one point.

21 (ii) A district that is designated nonattainment for the federal
22 eight-hour ozone standard shall be awarded severity points based
23 on classification. Two points shall be awarded for transitional,
24 basic, or marginal classifications, three points for moderate
25 classification, four points for serious classification, five points for
26 severe classification, six points for severe-17 classification, and
27 seven points for extreme classification.

28 (B) Each district shall be awarded severity points based on the
29 annual diesel particulate emissions in the air basin, as determined
30 by the state board. One point shall be awarded to the district, in
31 increments, for each 1,000 tons of diesel particulate emissions. In
32 making this determination, 0 to 999 tons shall be awarded no
33 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to
34 2,999 tons shall be awarded two points, and so forth. If a district
35 encompasses more than one air basin, the air basin with the greatest
36 diesel particulate emissions shall be used to determine the points
37 awarded to the district. The San Diego County Air Pollution
38 Control District and the Imperial County Air Pollution Control
39 District shall be awarded one additional point each to account for
40 annual diesel particulate emissions transported from Mexico.

(C) The points awarded under subparagraphs (A) and (B), shall be added together for each district, and the total shall be multiplied by the population residing within the district boundaries, to yield the local air quality exposure index.

(D) The local air quality exposure index for each district shall be summed together to yield a total state exposure index. Funds shall be allocated under this paragraph to each district in proportion to its local air quality exposure index divided by the total state exposure index.

(3) The state board shall distribute 30 percent of the allocation amount to the districts in proportion to the allocation of funds from the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund, as follows:

(A) Because each district is awarded a minimum allocation pursuant to subdivision (a), there shall be no additional minimum allocation from the Carl Moyer historical allocation funds. The total amount allocated in this way shall be subtracted from total funding previously awarded to the district under the Carl Moyer Memorial Air Quality Standards Attainment Program, and the remainder, which shall be known as directed funds, shall be allocated pursuant to subparagraph (B).

(B) Each district with a population that is greater than or equal to 1 percent of the state's population shall receive an additional allocation based on the population of the district and the district's relative share of emission reduction commitments in the State Implementation Plan to attain the National Ambient Air Quality Standard for ozone averaged over one hour. This additional allocation shall be calculated as a percentage share of the directed funds for each district, derived using a ratio of each district's share amount to the base amount, which shall be calculated as follows:

(i) The base amount shall be the total Carl Moyer program funds allocated by the state board to the districts in the 2002–03 fiscal year, less the total of the funds allocated through the minimum allocation to each district in the 2002–03 fiscal year.

(ii) The share amount shall be the allocation that each district received in the 2002–03 fiscal year, not including the minimum allocation. There shall be one share amount for each district.

(iii) The percentage share shall be calculated for each district by dividing the district's share amount by the base amount, and

1 multiplying the result by the total directed funds available under
2 this subparagraph.

3 (b) Funds shall be distributed as expeditiously as reasonably
4 practicable, and a report of the distribution shall be made available
5 to the public.

6 (c) All funds allocated pursuant to this section shall be expended
7 as provided in the guidelines adopted pursuant to Section 44287
8 within two years from the date of allocation. Funds not expended
9 within the two years shall be returned to the Covered Vehicle
10 Account within 60 days and shall be subject to further allocation
11 as follows:

12 (1) Within 30 days of the deadline to return funds, the state
13 board shall notify the districts of the total amount of returned funds
14 available for reallocation, and shall list those districts that request
15 supplemental funds from the reallocation and that are able to
16 expend those funds within one year.

17 (2) Within 90 days of the deadline to return funds, the state
18 board shall allocate the returned funds to the districts listed
19 pursuant to paragraph (1).

20 (3) All supplemental funds distributed under this subdivision
21 shall be expended consistent with the Carl Moyer Air Quality
22 Standards Attainment Program within one year of the date of
23 supplemental allocation. Funds not expended within one year shall
24 be returned to the Covered Vehicle Account and shall be distributed
25 at the discretion of the state board to districts, taking into
26 consideration of each district's ability to expeditiously utilize the
27 remaining funds consistent with the Carl Moyer Air Quality
28 Standards Attainment Program.

29 (d) This section shall remain in effect only until January 1, 2015
30 2024, and as of that date is repealed, unless a later enacted statute,
31 that is enacted before January 1, 2015 2024, deletes or extends
32 that date.

33 SEC. 26. Section 42885 of the Public Resources Code, as
34 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
35 amended to read:

36 42885. (a) For purposes of this section, "California tire fee"
37 means the fee imposed pursuant to this section.

38 (b) (1) ~~A~~ Before January 1, 2015, a person who purchases a
39 new tire, as defined in subdivision (g), shall pay a California tire
40 fee of one dollar and seventy-five cents (\$1.75) per tire.

1 (2) *On and after January 1, 2015, a person who purchases a*
2 *new tire, as defined in subdivision (g), shall pay a California tire*
3 *fee of one dollar and fifty cents (\$1.50) per tire.*

4 ~~(2)~~

5 (3) The retail seller shall charge the retail purchaser the amount
6 of the California tire fee as a charge that is separate from, and not
7 included in, any other fee, charge, or other amount paid by the
8 retail purchaser.

9 ~~(3)~~

10 (4) The retail seller shall collect the California tire fee from the
11 retail purchaser at the time of sale and may retain 1 ½ percent of
12 the fee as reimbursement for any costs associated with the
13 collection of the fee. The retail seller shall remit the remainder to
14 the state on a quarterly schedule for deposit in the California Tire
15 Recycling Management Fund, which is hereby created in the State
16 Treasury.

17 (c) The board, or its agent authorized pursuant to Section 42882,
18 shall be reimbursed for its costs of collection, auditing, and making
19 refunds associated with the California Tire Recycling Management
20 Fund, but not to exceed 3 percent of the total annual revenue
21 deposited in the fund.

22 (d) The California tire fee imposed pursuant to subdivision (b)
23 shall be separately stated by the retail seller on the invoice given
24 to the customer at the time of sale. Any other disposal or
25 transaction fee charged by the retail seller related to the tire
26 purchase shall be identified separately from the California tire fee.

27 (e) A person or business who knowingly, or with reckless
28 disregard, makes a false statement or representation in a document
29 used to comply with this section is liable for a civil penalty for
30 each violation or, for continuing violations, for each day that the
31 violation continues. Liability under this section may be imposed
32 in a civil action and shall not exceed twenty-five thousand dollars
33 (\$25,000) for each violation.

34 (f) In addition to the civil penalty that may be imposed pursuant
35 to subdivision (e), the board may impose an administrative penalty
36 in an amount not to exceed five thousand dollars (\$5,000) for each
37 violation of a separate provision or, for continuing violations, for
38 each day that the violation continues, on a person who intentionally
39 or negligently violates a permit, rule, regulation, standard, or
40 requirement issued or adopted pursuant to this chapter. The board

1 shall adopt regulations that specify the amount of the administrative
2 penalty and the procedure for imposing an administrative penalty
3 pursuant to this subdivision.

4 (g) For purposes of this section, “new tire” means a pneumatic
5 or solid tire intended for use with on-road or off-road motor
6 vehicles, motorized equipment, construction equipment, or farm
7 equipment that is sold separately from the motorized equipment,
8 or a new tire sold with a new or used motor vehicle, as defined in
9 Section 42803.5, including the spare tire, construction equipment,
10 or farm equipment. “New tire” does not include retreaded, reused,
11 or recycled tires.

12 (h) The California tire fee shall not be imposed on a tire sold
13 with, or sold separately for use on, any of the following:

14 (1) A self-propelled wheelchair.

15 (2) A motorized tricycle or motorized quadricycle, as defined
16 in Section 407 of the Vehicle Code.

17 (3) A vehicle that is similar to a motorized tricycle or motorized
18 quadricycle and is designed to be operated by a person who, by
19 reason of the person’s physical disability, is otherwise unable to
20 move about as a pedestrian.

21 (i) This section shall remain in effect only until January 1, ~~2015~~
22 2024, and as of that date is repealed, unless a later enacted statute,
23 that is enacted before January 1, ~~2015~~ 2024, deletes or extends
24 that date.

25 SEC. 27. Section 42885 of the Public Resources Code, as added
26 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
27 to read:

28 42885. (a) For purposes of this section, “California tire fee”
29 means the fee imposed pursuant to this section.

30 (b) (1) Every person who purchases a new tire, as defined in
31 subdivision (g), shall pay a California tire fee of seventy-five cents
32 (\$0.75) per tire.

33 (2) The retail seller shall charge the retail purchaser the amount
34 of the California tire fee as a charge that is separate from, and not
35 included in, any other fee, charge, or other amount paid by the
36 retail purchaser.

37 (3) The retail seller shall collect the California tire fee from the
38 retail purchaser at the time of sale and may retain 3 percent of the
39 fee as reimbursement for any costs associated with the collection
40 of the fee. The retail seller shall remit the remainder to the state

1 on a quarterly schedule for deposit in the California Tire Recycling
2 Management Fund, which is hereby created in the State Treasury.

3 (c) The board, or its agent authorized pursuant to Section 42882,
4 shall be reimbursed for its costs of collection, auditing, and making
5 refunds associated with the California Tire Recycling Management
6 Fund, but not to exceed 3 percent of the total annual revenue
7 deposited in the fund.

8 (d) The California tire fee imposed pursuant to subdivision ~~(a)~~
9 ~~(b)~~ shall be separately stated by the retail seller on the invoice
10 given to the customer at the time of sale. Any other disposal or
11 transaction fee charged by the retail seller related to the tire
12 purchase shall be identified separately from the California tire fee.

13 (e) Any person or business who knowingly, or with reckless
14 disregard, makes any false statement or representation in any
15 document used to comply with this section is liable for a civil
16 penalty for each violation or, for continuing violations, for each
17 day that the violation continues. Liability under this section may
18 be imposed in a civil action and shall not exceed twenty-five
19 thousand dollars (\$25,000) for each violation.

20 (f) In addition to the civil penalty that may be imposed pursuant
21 to subdivision (e), the board may impose an administrative penalty
22 in an amount not to exceed five thousand dollars (\$5,000) for each
23 violation of a separate provision or, for continuing violations, for
24 each day that the violation continues, on any person who
25 intentionally or negligently violates any permit, rule, regulation,
26 standard, or requirement issued or adopted pursuant to this chapter.
27 The board shall adopt regulations that specify the amount of the
28 administrative penalty and the procedure for imposing an
29 administrative penalty pursuant to this subdivision.

30 (g) For purposes of this section, “new tire” means a pneumatic
31 or solid tire intended for use with on-road or off-road motor
32 vehicles, motorized equipment, construction equipment, or farm
33 equipment that is sold separately from the motorized equipment,
34 or a new tire sold with a new or used motor vehicle, as defined in
35 Section 42803.5, including the spare tire, construction equipment,
36 or farm equipment. “New tire” does not include retreaded, reused,
37 or recycled tires.

38 (h) The California tire fee may not be imposed on any tire sold
39 with, or sold separately for use on, any of the following:

- 40 (1) Any self-propelled wheelchair.

1 (2) Any motorized tricycle or motorized quadricycle, as defined
2 in Section 407 of the Vehicle Code.

3 (3) Any vehicle that is similar to a motorized tricycle or
4 motorized quadricycle and is designed to be operated by a person
5 who, by reason of the person's physical disability, is otherwise
6 unable to move about as a pedestrian.

7 (i) This section shall become operative on January 1, ~~2015~~ 2024.

8 SEC. 28. Section 42889 of the Public Resources Code, as
9 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
10 amended to read:

11 42889. (a) Commencing January 1, 2005, of the moneys
12 collected pursuant to Section 42885, an amount equal to
13 seventy-five cents (\$0.75) per tire on which the fee is imposed
14 shall be transferred by the State Board of Equalization to the Air
15 Pollution Control Fund. The state board shall expend those moneys,
16 or allocate those moneys to the districts for expenditure, to fund
17 programs and projects that mitigate or remediate air pollution
18 caused by tires in the state, to the extent that the state board or the
19 applicable district determines that the program or project
20 remediates air pollution harms created by tires upon which the fee
21 described in Section 42885 is imposed.

22 (b) The remaining moneys collected pursuant to Section 42885
23 shall be used to fund the waste tire program, and shall be
24 appropriated to the board in the annual Budget Act in a manner
25 consistent with the five-year plan adopted and updated by the
26 board. These moneys shall be expended for the payment of refunds
27 under this chapter and for the following purposes:

28 (1) To pay the administrative overhead cost of this chapter, not
29 to exceed 6 percent of the total revenue deposited in the fund
30 annually, or an amount otherwise specified in the annual Budget
31 Act.

32 (2) To pay the costs of administration associated with collection,
33 making refunds, and auditing revenues in the fund, not to exceed
34 3 percent of the total revenue deposited in the fund, as provided
35 in subdivision (c) of Section 42885.

36 (3) To pay the costs associated with operating the tire recycling
37 program specified in Article 3 (commencing with Section 42870).

38 (4) To pay the costs associated with the development and
39 enforcement of regulations relating to the storage of waste tires
40 and used tires. The board shall consider designating a city, county,

1 or city and county as the enforcement authority of regulations
2 relating to the storage of waste tires and used tires, as provided in
3 subdivision (c) of Section 42850, and regulations relating to the
4 hauling of waste and used tires, as provided in subdivision (b) of
5 Section 42963. If the board designates a local entity for that
6 purpose, the board shall provide sufficient, stable, and
7 noncompetitive funding to that entity for that purpose, based on
8 available resources, as provided in the five-year plan adopted and
9 updated as provided in subdivision (a) of Section 42885.5. The
10 board may consider and create, as appropriate, financial incentives
11 for citizens who report the illegal hauling or disposal of waste tires
12 as a means of enhancing local and statewide waste tire and used
13 tire enforcement programs.

14 (5) To pay the costs of cleanup, abatement, removal, or other
15 remedial action related to waste tire stockpiles throughout the state,
16 including all approved costs incurred by other public agencies
17 involved in these activities by contract with the board. Not less
18 than six million five hundred thousand dollars (\$6,500,000) shall
19 be expended by the board during each of the following fiscal years
20 for this purpose: 2001–02 to 2006–07, inclusive.

21 (6) To make studies and conduct research directed at promoting
22 and developing alternatives to the landfill disposal of waste tires.

23 (7) To assist in developing markets and new technologies for
24 used tires and waste tires. The board's expenditure of funds for
25 purposes of this subdivision shall reflect the priorities for waste
26 management practices specified in subdivision (a) of Section
27 40051.

28 (8) To pay the costs associated with implementing and operating
29 a waste tire and used tire hauler program and manifest system
30 pursuant to Chapter 19 (commencing with Section 42950).

31 (9) To pay the costs to create and maintain an emergency
32 reserve, which shall not exceed one million dollars (\$1,000,000).

33 (10) To pay the costs of cleanup, abatement, or other remedial
34 action related to the disposal of waste tires in implementing and
35 operating the Farm and Ranch Solid Waste Cleanup and Abatement
36 Grant Program established pursuant to Chapter 2.5 (commencing
37 with Section 48100) of Part 7.

38 (11) To fund border region activities specified in paragraph (8)
39 of subdivision (b) of Section 42885.5.

1 (c) This section shall remain in effect only until January 1, 2015
2 2024, and as of that date is repealed, unless a later enacted statute
3 that is enacted before January 1, 2015 2024, deletes or extends
4 that date.

5 SEC. 29. Section 42889 of the Public Resources Code, as
6 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
7 amended to read:

8 42889. Funding for the waste tire program shall be appropriated
9 to the board in the annual Budget Act. The moneys in the fund
10 shall be expended for the payment of refunds under this chapter
11 and for the following purposes:

12 (a) To pay the administrative overhead cost of this chapter, not
13 to exceed 5 percent of the total revenue deposited in the fund
14 annually, or an amount otherwise specified in the annual Budget
15 Act.

16 (b) To pay the costs of administration associated with collection,
17 making refunds, and auditing revenues in the fund, not to exceed
18 3 percent of the total revenue deposited in the fund, as provided
19 in subdivision (b) of Section 42885.

20 (c) To pay the costs associated with operating the tire recycling
21 program specified in Article 3 (commencing with Section 42870).

22 (d) To pay the costs associated with the development and
23 enforcement of regulations relating to the storage of waste tires
24 and used tires. The board shall consider designating a city, county,
25 or city and county as the enforcement authority of regulations
26 relating to the storage of waste tires and used tires, as provided in
27 subdivision (c) of Section 42850, and regulations relating to the
28 hauling of waste and used tires, as provided in subdivision (b) of
29 Section 42963. If the board designates a local entity for that
30 purpose, the board shall provide sufficient, stable, and
31 noncompetitive funding to that entity for that purpose, based on
32 available resources, as provided in the five-year plan adopted and
33 updated as provided in subdivision (a) of Section 42885.5. The
34 board may consider and create, as appropriate, financial incentives
35 for citizens who report the illegal hauling or disposal of waste tires
36 as a means of enhancing local and statewide waste tire and used
37 tire enforcement programs.

38 (e) To pay the costs of cleanup, abatement, removal, or other
39 remedial action related to waste tire stockpiles throughout the state,
40 including all approved costs incurred by other public agencies

involved in these activities by contract with the board. Not less than six million five hundred thousand dollars (\$6,500,000) shall be expended by the board during each of the following fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

(f) To fund border region activities specified in paragraph (8) of subdivision (b) of Section 42885.5.

(g) This section shall become operative on January 1, ~~2015~~ 2024.

SEC. 30. Section 9250.1 of the Vehicle Code is amended to read:

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

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

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2016~~ 2024, deletes or extends that date.

SEC. 31. Section 9250.2 of the Vehicle Code, as amended by Section 15 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section 41081 of the Health and Safety Code, shall impose and collect a surcharge on the registration fees for every motor vehicle registered in that district, not to exceed the amount of six dollars (\$6), as specified by the governing body of that district.

(b) This section shall remain in effect only until January 1, ~~2015~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2015~~ 2024, deletes or extends that date.

SEC. 32. Section 9250.2 of the Vehicle Code, as added by Section 15.5 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section

1 41081 of the Health and Safety Code, shall impose and collect a
2 surcharge on the registration fees for every motor vehicle registered
3 in that district, not to exceed either of the following amounts,
4 whichever is applicable, as specified by the governing body of that
5 district:

6 (1) For each motor vehicle registered in that district whose
7 registration expires on or after December 31, 1989, and prior to
8 December 31, 1990, two dollars (\$2).

9 (2) For each motor vehicle registered in that district whose
10 registration expires on or after December 31, 1990, not to exceed
11 four dollars (\$4).

12 (b) This section shall become operative on January 1, ~~2015~~
13 2024.

14 SEC. 33. Section 9261.1 of the Vehicle Code is amended to
15 read:

16 9261.1. (a) Beginning July 1, 2008, the fee described in Section
17 9261, as adjusted pursuant to Section 1678, shall be increased by
18 five dollars (\$5).

19 (b) Two dollars and 50 cents (\$2.50) of the increase shall be
20 deposited into the Alternative and Renewable Fuel and Vehicle
21 Technology Fund created by Section 44273 of the Health and
22 Safety Code, and two dollars and fifty cents (\$2.50) shall be
23 deposited into the Air Quality Improvement Fund created by
24 Section 44274.5 of the Health and Safety Code.

25 (c) This section shall remain in effect only until January 1, ~~2016~~
26 2024, and as of that date is repealed, unless a later enacted statute,
27 that is enacted before January 1, ~~2016~~ 2024, deletes or extends
28 that date.

29 SEC. 34. Section 9853.6 of the Vehicle Code is amended to
30 read:

31 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
32 paragraph (1) of subdivision (b) of Section 9853 shall be increased
33 by ten dollars (\$10).

34 (2) Five dollars (\$5) of the increase shall be deposited into the
35 Alternative and Renewable Fuel and Vehicle Technology Fund
36 created by Section 44273 of the Health and Safety Code and five
37 dollars (\$5) shall be deposited into the Air Quality Improvement
38 Fund created by Section 44274.5 of the Health and Safety Code.

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

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

(c) This section shall remain in effect only until January 1, ~~2016~~ 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2016~~ 2024, deletes or extends that date.

SEC. 35. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To ensure stable funding for programs to reduce air pollution for the protection of the public health and safety, it is necessary for this measure to take effect immediately.