

AMENDED IN ASSEMBLY MAY 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 8**

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**Introduced by Assembly Members Perea and Skinner**  
*(Coauthors: Senators Cannella and Correa)*

December 3, 2012

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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 amended, 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<sub>x</sub>).

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 *indefinitely* 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 *indefinitely* 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~~ *establish a* tire fee ~~to~~ of \$1.50 per tire until January 1, 2024, and reduce the ~~limit~~ *tire fee* 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

1 that achieve emission reductions from vehicular sources and  
2 off-road engines, to the extent that the district determines the  
3 program remediates air pollution harms created by motor vehicles  
4 on which the surcharge is imposed:

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

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

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

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

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

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

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

38 (f) A project funded by the program shall not be used for credit  
39 under any state or federal emissions averaging, banking, or trading  
40 program. An emission reduction generated by the program shall

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

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

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

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

34 ~~(b) The surcharge shall not exceed two dollars (\$2) for each~~  
35 ~~motor vehicle whose registration expires on or after December 31,~~  
36 ~~1989, and prior to December 31, 1990. For each motor vehicle~~  
37 ~~whose registration expires on or after December 31, 1990, the~~  
38 ~~surcharge shall not exceed four dollars (\$4).~~

39 (b) *The surcharge shall not exceed four dollars (\$4).*

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

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

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

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

16 43018.9. (a) For purposes of this section, the following terms  
17 have the following meanings:

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

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

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

29 (2) This subdivision shall become inoperative on January 1,  
30 2024.

31 (c) The state board shall aggregate and make available to the  
32 public no later than January 1, 2014, and every two years thereafter,  
33 the number of vehicles that automobile manufacturers project to  
34 be sold or leased, as reported to the state board pursuant to Section  
35 2303(a) of Title 13 of the California Code of Regulations.

36 (d) (1) The commission shall allocate twenty million dollars  
37 (\$20,000,000) each fiscal year, beginning July 1, 2013, through  
38 June 30, 2016, and up to twenty million dollars (\$20,000,000) each  
39 fiscal year thereafter, not to exceed 20 percent of moneys  
40 appropriated by the Legislature from the Alternative and

1 Renewable Fuel and Vehicle Technology Fund, established  
2 pursuant to Section 44273, for purposes of achieving a hydrogen  
3 fueling network sufficient to provide convenient fueling to vehicle  
4 owners, and expand that network as necessary to support a growing  
5 market for vehicles requiring hydrogen fuel, until there are at least  
6 100 publicly available hydrogen fueling stations.

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

11 ~~(3)~~

12 (2) Notwithstanding paragraph (1), once the commission  
13 determines, in consultation with the state board, that the private  
14 sector is establishing publicly available hydrogen fueling stations  
15 without the need for government support, the commission may  
16 cease providing funding for those stations.

17 ~~(4)~~

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

36 (e) To assist in the implementation of this section and maximize  
37 the ability to deploy fueling infrastructure as rapidly as possible  
38 with the assistance of private capital, the commission may design  
39 grants, loan incentive programs, revolving loan programs, and  
40 other forms of financial assistance. The commission also may enter

1 into an agreement with the Treasurer to provide financial assistance  
2 to further the purposes of this section.

3 (f) Funds appropriated to the commission for the purposes of  
4 this section shall be available for encumbrance by the commission  
5 for up to four years from the date of the appropriation and for  
6 liquidation up to four years after expiration of the deadline to  
7 encumber.

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

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

16 43867.5. The Legislature finds and declares all of the following:

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

23 (b) Residents spend over twenty billion dollars  
24 (\$20,000,000,000) each year on petroleum fuel imports,  
25 representing a significant missed economic opportunity.

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

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

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

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

3 43867.6. (a) In order to measure the progress of alternative  
4 fuels use for on-road and off-road vehicles in the state, it is the  
5 intent of the Legislature that the state board and the State Energy  
6 Resources Conservation and Development Commission shall  
7 update the analysis of the state alternative transportation fuels use  
8 described in this section.

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

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

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

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

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

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

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

1 (g) This section shall be implemented consistent with the  
2 environmental, public health, and sustainability considerations  
3 included in Sections 44271 and 44272. Further, this section does  
4 not preempt the California Global Warming Solutions Act of 2006  
5 (Division 25.5 (commencing with Section 38500)) or the programs  
6 and policies implemented pursuant to that act.

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

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

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

15 (3) Alternative fuel market penetration in nonattainment areas.

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

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

20 44060.5. (a) Beginning July 1, 2008, the smog abatement fee  
21 described in subdivision (d) of Section 44060 shall be increased  
22 by eight dollars (\$8).

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

25 (1) The revenues generated by four dollars (\$4) shall be  
26 deposited in the Air Quality Improvement Fund created by Section  
27 44274.5.

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

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

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

37 44225. A district may increase the fee established under Section  
38 44223 to up to six dollars (\$6). A district may increase the fee only  
39 if the following conditions are met:

1 (a) A resolution providing for both the fee increase and a  
2 corresponding program for expenditure of the increased fees for  
3 the reduction of air pollution from motor vehicles pursuant to, and  
4 for related planning, monitoring, enforcement, and technical studies  
5 necessary for the implementation of, the California Clean Air Act  
6 of 1988 is adopted and approved by the governing board of the  
7 district.

8 (b) In districts with nonelected officials on their governing  
9 boards, the resolution shall be adopted and approved by both a  
10 majority of the governing board and a majority of the board  
11 members who are elected officials.

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

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

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

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

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

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

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

39 (d) This section shall become operative on January 1, 2024.

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

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

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

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

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

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

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

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

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

11 (c) The Department of Motor Vehicles may annually expend  
12 not more than 1 percent of the fees collected pursuant to Section  
13 44227 on administrative costs.

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

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

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

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

1 Vehicles pursuant to this chapter shall be distributed to districts  
2 based upon the amount of fees collected from motor vehicles  
3 registered within each district.

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

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

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

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

16 (c) This section shall become operative on January 1, 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 on-road vehicles, off-road  
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<sub>x</sub>” 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, 2024,  
12 and as of that date is repealed, unless a later enacted statute, that  
13 is enacted before January 1, 2024, deletes or extends that date.

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

17 44275. (a) As used in this chapter, the following terms have  
18 the following ~~meaning~~: *meanings*:

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

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

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

24 (4) “Cost-effectiveness” means dollars provided to a project  
25 pursuant to subdivision (d) of Section 44283 for each ton of NO<sub>x</sub>  
26 reduction attributed to a project or to the program as a whole. In  
27 calculating cost-effectiveness, one-time grants of funds made at  
28 the beginning of a project shall be annualized using a time value  
29 of public funds or discount rate determined for each project by the  
30 state board, taking into account the interest rate on bonds, interest  
31 earned by state funds, and other factors as determined appropriate  
32 by the state board. Cost-effectiveness shall be calculated by  
33 dividing annualized costs by average annual emissions reduction  
34 of NO<sub>x</sub> in this state.

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

37 (6) “Covered source” includes on-road vehicles of 14,000  
38 pounds ~~GVWR~~ *gross vehicle weight rating (GVWR)* or greater,  
39 off-road nonrecreational equipment and vehicles, locomotives,  
40 diesel marine vessels, stationary agricultural engines, and, as

1 determined by the state board, other high-emitting diesel engine  
2 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<sub>x</sub>” 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.

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

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

5 44280. (a) There is hereby created the Carl Moyer Memorial  
6 Air Quality Standards Attainment Program. The program shall be  
7 administered by the state board in accordance with this chapter.  
8 The administration of the program may be delegated to the districts.

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

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

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

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

28 44280. (a) There is hereby created the Carl Moyer Memorial  
29 Air Quality Standards Attainment Program. The program shall be  
30 administered by the state board in accordance with this chapter.  
31 The administration of the program may be delegated to the districts.

32 (b) The program shall provide grants to offset the incremental  
33 cost of projects that reduce emissions of NO<sub>x</sub> from covered sources  
34 in California. Eligibility for grant awards shall be determined by  
35 the state board, in consultation with the districts, in accordance  
36 with this chapter.

37 (c) The program shall also provide funding for a fueling  
38 infrastructure demonstration program and for technology  
39 development efforts that are expected to result in commercially  
40 available technologies in the near-term that would improve the

1 ability of the program to achieve its goals. The infrastructure  
2 demonstration and technology development portions of the program  
3 shall be managed by the commission, in consultation with the state  
4 board.

5 (d) This section shall become operative on January 1, 2024.

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

9 44281. (a) Eligible projects include, but are not limited to, any  
10 of the following:

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

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

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

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

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

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

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

8 (c) The program may also provide funding toward installation  
9 of fueling or electrification infrastructure as provided in Section  
10 44284.

11 (d) Eligible applicants may be any individual, company, or  
12 public agency that owns one or more covered vehicles that operate  
13 primarily within California or otherwise contribute substantially  
14 to the ~~NO<sub>x</sub>, PM or ROG~~ *oxides of nitrogen (NO<sub>x</sub>), particulate*  
15 *matter (PM), or reactive organic gas (ROG)* emissions inventory  
16 in California.

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

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

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

27 44281. (a) Eligible projects are any of the following:

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

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

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

36 (4) Development and demonstration of practical, low-emission  
37 retrofit technologies, repower options, and advanced technologies  
38 for covered engines and vehicles with very low emissions of oxides  
39 of nitrogen.

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

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

26 (d) Eligible applicants may be any individual, company, or  
27 public agency that owns one or more covered vehicles that operate  
28 primarily within California or otherwise contribute substantially  
29 to the NO<sub>x</sub> emissions inventory in California.

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

34 (f) This section shall become operative on January 1, 2024.

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

38 44282. The following criteria apply to all projects to be funded  
39 through the program except for projects funded through the

1 Advanced Technology Account and the Infrastructure  
2 Demonstration Program:

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

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

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

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

18 (e) Repower projects that replace older, uncontrolled engines  
19 with new, emissions-certified engines or that replace  
20 emissions-certified engines with new engines certified to a more  
21 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
22 other applicable selection criteria. The state board shall determine  
23 appropriate baseline emission levels for the uncontrolled engines  
24 being replaced.

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

37 (g) (1) For heavy-duty vehicle projects involving the purchase  
38 of new very low or zero-emission vehicles, engines shall be  
39 certified to an optional low NO<sub>x</sub> emissions standard established  
40 by the state board, except as provided for in paragraph (2).

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

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

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

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

22 44282. The following criteria apply to all projects to be funded  
23 through the program except for projects funded through the  
24 Advanced Technology Account and the Infrastructure  
25 Demonstration Program:

26 (a) Except for projects involving marine vessels, 75 percent or  
27 more of vehicle miles traveled or hours of operation shall be  
28 projected to be in California for at least five years following the  
29 grant award. Projects involving marine vessels and engines shall  
30 be limited to those that spend enough time operating in California  
31 air basins over the lifetime of the project to meet the  
32 cost-effectiveness criteria based on NO<sub>x</sub> reductions in California,  
33 as provided in Section 44283.

34 (b) To be eligible, projects shall meet cost-effectiveness per ton  
35 of NO<sub>x</sub> reduced requirements of Section 44283.

36 (c) To be eligible, retrofits, repowers, and installation of add-on  
37 equipment for covered vehicles shall be performed, or new covered  
38 vehicles delivered to the end user, on or after the date the program  
39 is implemented.

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

4 (e) Repower projects that replace older, uncontrolled engines  
5 with new, emissions-certified engines or that replace  
6 emissions-certified engines with new engines certified to a more  
7 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
8 other applicable selection criteria. The state board shall determine  
9 appropriate baseline emission levels for the uncontrolled engines  
10 being replaced.

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

22 (g) (1) For projects involving the purchase of new very low-  
23 or zero-emission vehicles, engines shall be certified to an optional  
24 low NO<sub>x</sub> emissions standard established by the state board, except  
25 as provided for in paragraph (2).

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

37 (h) This section shall become operative on January 1, 2024.

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

1 44283. (a) Grants shall not be made for projects with a  
2 cost-effectiveness, calculated in accordance with this section, of  
3 more than thirteen thousand six hundred dollars (\$13,600) per ton  
4 of NO<sub>x</sub> reduced in California or a higher value that reflects state  
5 consumer price index adjustments on or after January 1, 2006, as  
6 determined by the state board. For projects obtaining reactive  
7 organic gas and particulate matter reductions, the state board shall  
8 determine appropriate adjustment factors to calculate a weighted  
9 cost-effectiveness.

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

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

19 (d) The cost of the covered emission reduction is the amount  
20 of the grant from the program, including matching funds provided  
21 pursuant to subdivision (e) of Section 44287, plus any other state  
22 funds, or funds under the district's budget authority or fiduciary  
23 control, provided toward the project, not including funds described  
24 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
25 The state board shall establish reasonable methodologies for  
26 evaluating project cost-effectiveness, consistent with the definition  
27 contained in paragraph (4) of subdivision (a) of Section 44275,  
28 and with accepted methods, taking into account a fair and  
29 reasonable 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 covered emission reducing technology that is part of a project  
39 receiving grant funding under the program. The fuel shall be  
40 approved for sale by the state board. The incremental fuel cost

1 over the expected lifetime of the vehicle may be offset by the  
2 district if the project as a whole, including the incremental fuel  
3 cost, meets all of the requirements of this chapter, including the  
4 maximum allowed cost-effectiveness. The state board shall develop  
5 an appropriate methodology for converting incremental fuel costs  
6 over the vehicle lifetime into an initial cost for the purposes of  
7 determining project cost-effectiveness. Incremental fuel costs shall  
8 not be included in project costs for fuels dispensed from any facility  
9 that was funded, 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 remain in effect only until January 1, 2024,  
34 and as of that date is repealed, unless a later enacted statute, that  
35 is enacted before January 1, 2024, deletes or extends that date.

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

39 44283. (a) Grants shall not be made for projects with a  
40 cost-effectiveness, calculated in accordance with this section, of

1 more than twelve thousand dollars (\$12,000) per ton of NO<sub>x</sub>  
2 reduced in California or a higher value that reflects state consumer  
3 price index adjustments on or after January 1, 2024, as determined  
4 by the state board.

5 (b) Only NO<sub>x</sub> reductions occurring in this state shall be included  
6 in the cost-effectiveness determination. The extent to which  
7 emissions generated at sea contribute to air quality in California  
8 nonattainment areas shall be incorporated into these methodologies  
9 based on a reasonable assessment of currently available information  
10 and modeling assumptions.

11 (c) The state board shall develop protocols for calculating the  
12 surplus NO<sub>x</sub> reductions in California from representative project  
13 types over the life of the project.

14 (d) The cost of the NO<sub>x</sub> reduction is the amount of the grant  
15 from the program, including matching funds provided pursuant to  
16 subdivision (e) of Section 44287, plus any other state funds, or  
17 funds under the district's budget authority or fiduciary control,  
18 provided toward the project, not including funds described in  
19 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The  
20 state board shall establish reasonable methodologies for evaluating  
21 project cost-effectiveness, consistent with the definition contained  
22 in paragraph (4) of subdivision (a) of Section 44275, and with  
23 accepted methods, taking into account a fair and reasonable  
24 discount rate or time value of public funds.

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

30 (f) Funds under a district's budget authority or fiduciary control  
31 may be used to pay for the incremental cost of liquid or gaseous  
32 fuel, other than standard gasoline or diesel, which is integral to a  
33 NO<sub>x</sub> reducing technology that is part of a project receiving grant  
34 funding under the program. The fuel shall be approved for sale by  
35 the state board. The incremental fuel cost over the expected lifetime  
36 of the vehicle may be offset by the district if the project as a whole,  
37 including the incremental fuel cost, meets all of the requirements  
38 of this chapter, including the maximum allowed cost-effectiveness.  
39 The state board shall develop an appropriate methodology for  
40 converting incremental fuel costs over the vehicle lifetime into an

1 initial cost for the purposes of determining project  
2 cost-effectiveness. Incremental fuel costs shall not be included in  
3 project costs for fuels dispensed from any facility that was funded,  
4 in whole or in part, from the fund.

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

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

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

28 (j) This section shall become operative on January 1, 2024.

29 SEC. 21. Section 44287 of the Health and Safety Code, as  
30 amended by Section 10 of Chapter 707 of the Statutes of 2004, is  
31 amended to read:

32 44287. (a) The state board shall establish or update grant  
33 criteria and guidelines consistent with this chapter for covered  
34 vehicle projects as soon as practicable, but not later than January  
35 1, 2006. The adoption of guidelines is exempt from the rulemaking  
36 provisions of the Administrative Procedure Act, Chapter 3.5  
37 (commencing with Section 11340) of Part 1 of Division 3 of Title  
38 2 of the Government Code. The state board shall solicit input and  
39 comment from the districts during the development of the criteria  
40 and guidelines and shall make every effort to develop criteria and

1 guidelines that are compatible with existing district programs that  
2 are also consistent with this chapter. Guidelines shall include  
3 protocols to calculate project cost-effectiveness. The grant criteria  
4 and guidelines shall include safeguards to ensure that the project  
5 generates surplus emissions reductions. Guidelines shall enable  
6 and encourage districts to cofund projects that provide emissions  
7 reductions in more than one district. The state board shall make  
8 draft criteria and guidelines available to the public 45 days before  
9 final adoption, and shall hold at least one public meeting to  
10 consider public comments before final adoption. The state board  
11 may develop separate guidelines and criteria for the different types  
12 of eligible projects described in subdivision (a) of Section 44281.

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

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

24 (d) The state board shall develop guidelines for a district to  
25 follow in applying for the reservation of funds, in accordance with  
26 this chapter. It is the intent of the Legislature that district  
27 administration of any reserved funds be in accordance with the  
28 project selection criteria specified in Sections 44281, 44282, and  
29 44283 and all other provisions of this chapter. The guidelines shall  
30 be established and published by the state board as soon as  
31 practicable, but not later than January 1, 2006.

32 (e) Funds shall be reserved by the state board for administration  
33 by a district that adopts an eligible program pursuant to this chapter  
34 and offers matching funds at a ratio of one dollar (\$1) of matching  
35 funds committed by the district or the Mobile Source Air Pollution  
36 Reduction Review Committee for every two dollars (\$2) committed  
37 from the fund. Funds available to the Mobile Source Air Pollution  
38 Reduction Review Committee may be counted as matching funds  
39 for projects in the South Coast Air Basin only if the committee  
40 approves the use of these funds for matching purposes. Matching

1 funds may be any funds under the district's budget authority that  
2 are committed to be expended in accordance with the program.  
3 Funds committed by a port authority or a local government, in  
4 cooperation with a district, to be expended in accordance with the  
5 program may also be counted as district matching funds. Matching  
6 funds provided by a port authority or a local government may not  
7 exceed 30 percent of the total required matching funds in any  
8 district that applies for more than three hundred thousand dollars  
9 (\$300,000) of the state board funds. Only a district, or a port  
10 authority or a local government teamed with a district, may provide  
11 matching funds.

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

17 (g) Notwithstanding subdivision (e), a district need not provide  
18 matching funds for state board funds allocated to the district for  
19 program outreach activities pursuant to paragraph (4) of subdivision  
20 (a) of Section 44299.1.

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

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

37 (j) Notwithstanding any other provision of this chapter, districts  
38 and the Mobile Source Air Pollution Reduction Review Committee  
39 shall not use funds collected pursuant to Section 41081 or Chapter  
40 7 (commencing with Section 44220), or pursuant to Section

1 9250.11 of the Vehicle Code, as matching funds to fund a project  
2 with stationary or portable engines, locomotives, or marine vessels.

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

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

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

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

36 (o) The commission, in consultation with the districts, shall  
37 establish project approval criteria and guidelines for infrastructure  
38 projects consistent with Section 44284 as soon as practicable, but  
39 not later than February 15, 2000. The commission shall make draft  
40 criteria and guidelines available to the public 45 days before final

1 adoption, and shall hold at least one public meeting to consider  
2 public comments before final adoption.

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

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

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

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

21 44287. (a) The state board shall establish grant criteria and  
22 guidelines consistent with this chapter for covered vehicle projects  
23 as soon as practicable, but not later than January 1, 2000. The  
24 adoption of guidelines is exempt from the rulemaking provisions  
25 of the Administrative Procedure Act, Chapter 3.5 (commencing  
26 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
27 Government Code. The state board shall solicit input and comment  
28 from the districts during the development of the criteria and  
29 guidelines and shall make every effort to develop criteria and  
30 guidelines that are compatible with existing district programs that  
31 are also consistent with this chapter. Guidelines shall include  
32 protocols to calculate project cost-effectiveness. The grant criteria  
33 and guidelines shall include safeguards to ensure that the project  
34 generates surplus emissions reductions. Guidelines shall enable  
35 and encourage districts to cofund projects that provide emissions  
36 reductions in more than one district. The state board shall make  
37 draft criteria and guidelines available to the public 45 days before  
38 final adoption, and shall hold at least one public meeting to  
39 consider public comments before final adoption.

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

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

12 (d) The state board shall develop guidelines for a district to  
13 follow in applying for the reservation of funds, in accordance with  
14 this chapter. It is the intent of the Legislature that district  
15 administration of any reserved funds be in accordance with the  
16 project selection criteria specified in Sections 44281, 44282, and  
17 44283 and all other provisions of this chapter. The guidelines shall  
18 be established and published by the state board as soon as  
19 practicable, but not later than January 1, 2000.

20 (e) Funds shall be reserved by the state board for administration  
21 by a district that adopts an eligible program pursuant to this chapter  
22 and offers matching funds at a ratio of one dollar (\$1) of matching  
23 funds committed by the district or the Mobile Source Air Pollution  
24 Reduction Review Committee for every two dollars (\$2) committed  
25 from the fund. Funds available to the Mobile Source Air Pollution  
26 Reduction Review Committee may be counted as matching funds  
27 for projects in the South Coast Air Basin only if the committee  
28 approves the use of these funds for matching purposes. Matching  
29 funds may be any funds under the district's budget authority that  
30 are committed to be expended in accordance with the program.  
31 Funds committed by a port authority or a local government, in  
32 cooperation with a district, to be expended in accordance with the  
33 program may also be counted as district matching funds. Matching  
34 funds provided by a port authority or a local government may not  
35 exceed 30 percent of the total required matching funds in any  
36 district that applies for more than three hundred thousand dollars  
37 (\$300,000) of the state board funds. Only a district, or a port  
38 authority or a local government teamed with a district, may provide  
39 matching funds.

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

6 (g) Notwithstanding subdivision (e), a district need not provide  
7 matching funds for state board funds allocated to the district for  
8 program outreach activities pursuant to paragraph (4) of subdivision  
9 (a) of Section 44299.1.

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

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

26 (j) Notwithstanding any other provision of this chapter, districts  
27 and the Mobile Source Air Pollution Reduction Review Committee  
28 shall not use funds collected pursuant to Section 41081 or Chapter  
29 7 (commencing with Section 44220), or pursuant to Section  
30 9250.11 of the Vehicle Code, as matching funds to fund a project  
31 with stationary or portable engines, locomotives, or marine vessels.

32 (k) Any funds reserved for a district pursuant to this section are  
33 available to the district for a period of not more than two years  
34 from the time of reservation. Funds not expended by June 30 of  
35 the second calendar year following the date of the reservation shall  
36 revert back to the state board as of that June 30, and shall be  
37 deposited in the Covered Vehicle Account established pursuant to  
38 Section 44299. The funds may then be redirected based on  
39 applications to the fund. Regardless of any reversion of funds back  
40 to the state board, the district may continue to request other

1 reservations of funds for local administration. Each reservation of  
2 funds shall be accounted for separately, and unused funds from  
3 each application shall revert back to the state board as specified  
4 in this subdivision.

5 (l) The state board shall specify a date each year when district  
6 applications are due. If the eligible applications received in any  
7 year oversubscribe the available funds, the state board shall reserve  
8 funds on an allocation basis, pursuant to subdivision (b) of Section  
9 44299.1. The state board may accept a district application after  
10 the due date for a period of months specified by the state board.  
11 Funds may be reserved in response to those applications, in  
12 accordance with this chapter, out of funds remaining after the  
13 original reservation of funds for the year.

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

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

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

32 (p) The state board, in consultation with the participating  
33 districts, may propose revisions to the criteria and guidelines  
34 established pursuant to subdivision (o) as necessary to improve  
35 the ability of the program to achieve its goals. A revision may be  
36 proposed at any time, or may be proposed in response to a finding  
37 made in the annual report on the program published by the state  
38 board pursuant to Section 44295. A proposed revision shall be  
39 made available to the public 45 days before final adoption of the

1 revision and the commission shall hold at least one public meeting  
2 to consider public comments before final adoption of the revision.

3 (q) This section shall become operative on January 1, 2024.

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

7 44299.1. (a) To ensure that emission reductions are obtained  
8 as needed from pollution sources, any money deposited in or  
9 appropriated to the fund shall be segregated and administered as  
10 follows:

11 (1) Not more than 2 percent of the moneys in the fund shall be  
12 allocated to program support and outreach costs incurred by the  
13 state board and the commission directly associated with  
14 implementing the program pursuant to this chapter. These funds  
15 shall be allocated to the state board and the commission in  
16 proportion to total program funds administered by the state board  
17 and the commission.

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

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

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

38 (c) Not more than 5 percent of the moneys allocated pursuant  
39 to this chapter to a district with a population of one million or more  
40 may be used by the district for indirect costs of implementation of

1 the program, including outreach costs that are subject to the  
2 limitation in paragraph (2) of subdivision (a).

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

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

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

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

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

21 (2) Ten percent shall be deposited in the Advanced Technology  
22 Account to be used to support research, development,  
23 demonstration, and commercialization of advanced low-emission  
24 technologies for covered sources that show promise of contributing  
25 to the goals of the program.

26 (3) Not more than 2 percent of the moneys in the fund shall be  
27 allocated to program support and outreach costs incurred by the  
28 state board and the commission directly associated with  
29 implementing the program pursuant to this chapter. These funds  
30 shall be allocated to the state board and the commission in  
31 proportion to total program funds administered by the state board  
32 and the commission.

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

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

6 (b) Funds in the Covered Vehicle Account shall be allocated to  
7 a district that submits an eligible application to the state board  
8 pursuant to Section 44287. The state board shall determine the  
9 maximum amount of annual funding from the Covered Vehicle  
10 Account that each district may receive. This determination shall  
11 be based on the population in each district as well as the relative  
12 importance of obtaining NO<sub>x</sub> reductions in each district,  
13 specifically through the program.

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

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

17 44299.2. Funds shall be allocated to local air pollution control  
18 and air quality management districts, and shall be subject to  
19 administrative terms and conditions as follows:

20 (a) Available funds shall be distributed to districts taking into  
21 consideration the population of the area, the severity of the air  
22 quality problems experienced by the population, and the historical  
23 allocation of the Carl Moyer Memorial Air Quality Standards  
24 Attainment Trust Fund, except that the south coast district shall  
25 be allocated a percentage of the total funds available to districts  
26 that is proportional to the percentage of the total state population  
27 residing within the jurisdictional boundaries of that district. For  
28 the purposes of this subdivision, population shall be determined  
29 by the state board based on the most recent data provided by the  
30 Department of Finance. The allocation to the south coast district  
31 shall be subtracted from the total funds available to districts. Each  
32 district, except the south coast district, shall be awarded a minimum  
33 allocation of two hundred thousand dollars (\$200,000), and the  
34 remainder, which shall be known as the “allocation amount,” shall  
35 be allocated to all districts as follows:

36 (1) The state board shall distribute 35 percent of the allocation  
37 amount to the districts in proportion to the percentage of the total  
38 residual state population that resides within each district’s  
39 boundaries. For purposes of this paragraph, “total residual state

1 population” means the total state population, less the total  
2 population that resides within the south coast district.

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

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

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

14 (ii) A district that is designated nonattainment for the federal  
15 eight-hour ozone standard shall be awarded severity points based  
16 on classification. Two points shall be awarded for transitional,  
17 basic, or marginal classifications, three points for moderate  
18 classification, four points for serious classification, five points for  
19 severe classification, six points for severe-17 classification, and  
20 seven points for extreme classification.

21 (B) Each district shall be awarded severity points based on the  
22 annual diesel particulate emissions in the air basin, as determined  
23 by the state board. One point shall be awarded to the district, in  
24 increments, for each 1,000 tons of diesel particulate emissions. In  
25 making this determination, 0 to 999 tons shall be awarded no  
26 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to  
27 2,999 tons shall be awarded two points, and so forth. If a district  
28 encompasses more than one air basin, the air basin with the greatest  
29 diesel particulate emissions shall be used to determine the points  
30 awarded to the district. The San Diego County Air Pollution  
31 Control District and the Imperial County Air Pollution Control  
32 District shall be awarded one additional point each to account for  
33 annual diesel particulate emissions transported from Mexico.

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

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

1 to its local air quality exposure index divided by the total state  
2 exposure index.

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

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

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

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

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

31 (iii) The percentage share shall be calculated for each district  
32 by dividing the district's share amount by the base amount, and  
33 multiplying the result by the total directed funds available under  
34 this subparagraph.

35 (b) Funds shall be distributed as expeditiously as reasonably  
36 practicable, and a report of the distribution shall be made available  
37 to the public.

38 (c) All funds allocated pursuant to this section shall be expended  
39 as provided in the guidelines adopted pursuant to Section 44287  
40 within two years from the date of allocation. Funds not expended

1 within the two years shall be returned to the Covered Vehicle  
2 Account within 60 days and shall be subject to further allocation  
3 as follows:

4 (1) Within 30 days of the deadline to return funds, the state  
5 board shall notify the districts of the total amount of returned funds  
6 available for reallocation, and shall list those districts that request  
7 supplemental funds from the reallocation and that are able to  
8 expend those funds within one year.

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

12 (3) All supplemental funds distributed under this subdivision  
13 shall be expended consistent with the Carl Moyer Air Quality  
14 Standards Attainment Program within one year of the date of  
15 supplemental allocation. Funds not expended within one year shall  
16 be returned to the Covered Vehicle Account and shall be distributed  
17 at the discretion of the state board to districts, taking into  
18 consideration of each district's ability to expeditiously utilize the  
19 remaining funds consistent with the Carl Moyer Air Quality  
20 Standards Attainment Program.

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

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

27 42885. (a) For purposes of this section, "California tire fee"  
28 means the fee imposed pursuant to this section.

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

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

35 ~~(3)~~

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

40 ~~(4)~~

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

8 (c) The ~~board~~, *department*, or its agent authorized pursuant to  
9 Section 42882, shall be reimbursed for its costs of collection,  
10 auditing, and making refunds associated with the California Tire  
11 Recycling Management Fund, but not to exceed 3 percent of the  
12 total annual revenue deposited in the fund.

13 (d) The California tire fee imposed pursuant to subdivision (b)  
14 shall be separately stated by the retail seller on the invoice given  
15 to the customer at the time of sale. Any other disposal or  
16 transaction fee charged by the retail seller related to the tire  
17 purchase shall be identified separately from the California tire fee.

18 (e) A person or business who knowingly, or with reckless  
19 disregard, makes a false statement or representation in a document  
20 used to comply with this section is liable for a civil penalty for  
21 each violation or, for continuing violations, for each day that the  
22 violation continues. Liability under this section may be imposed  
23 in a civil action and shall not exceed twenty-five thousand dollars  
24 (\$25,000) for each violation.

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

36 (g) For purposes of this section, “new tire” means a pneumatic  
37 or solid tire intended for use with on-road or off-road motor  
38 vehicles, motorized equipment, construction equipment, or farm  
39 equipment that is sold separately from the motorized equipment,  
40 or a new tire sold with a new or used motor vehicle, as defined in

1 Section 42803.5, including the spare tire, construction equipment,  
2 or farm equipment. “New tire” does not include retreaded, reused,  
3 or recycled tires.

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

6 (1) A self-propelled wheelchair.

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

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

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

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

19 42885. (a) For purposes of this section, “California tire fee”  
20 means the fee imposed pursuant to this section.

21 (b) (1) Every person who purchases a new tire, as defined in  
22 subdivision (g), shall pay a California tire fee of seventy-five cents  
23 (\$0.75) per tire.

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

28 (3) The retail seller shall collect the California tire fee from the  
29 retail purchaser at the time of sale and may retain 3 percent of the  
30 fee as reimbursement for any costs associated with the collection  
31 of the fee. The retail seller shall remit the remainder to the state  
32 on a quarterly schedule for deposit in the California Tire Recycling  
33 Management Fund, which is hereby created in the State Treasury.

34 (c) ~~The board,~~ *department*, or its agent authorized pursuant to  
35 Section 42882, shall be reimbursed for its costs of collection,  
36 auditing, and making refunds associated with the California Tire  
37 Recycling Management Fund, but not to exceed 3 percent of the  
38 total annual revenue deposited in the fund.

39 (d) The California tire fee imposed pursuant to subdivision (b)  
40 shall be separately stated by the retail seller on the invoice given

1 to the customer at the time of sale. Any other disposal or  
2 transaction fee charged by the retail seller related to the tire  
3 purchase shall be identified separately from the California tire fee.

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

11 (f) In addition to the civil penalty that may be imposed pursuant  
12 to subdivision (e), the ~~board~~ *department* may impose an  
13 administrative penalty in an amount not to exceed five thousand  
14 dollars (\$5,000) for each violation of a separate provision or, for  
15 continuing violations, for each day that the violation continues,  
16 on any person who intentionally or negligently violates any permit,  
17 rule, regulation, standard, or requirement issued or adopted  
18 pursuant to this chapter. The ~~board~~ *department* shall adopt  
19 regulations that specify the amount of the administrative penalty  
20 and the procedure for imposing an administrative penalty pursuant  
21 to this subdivision.

22 (g) For purposes of this section, “new tire” means a pneumatic  
23 or solid tire intended for use with on-road or off-road motor  
24 vehicles, motorized equipment, construction equipment, or farm  
25 equipment that is sold separately from the motorized equipment,  
26 or a new tire sold with a new or used motor vehicle, as defined in  
27 Section 42803.5, including the spare tire, construction equipment,  
28 or farm equipment. “New tire” does not include retreaded, reused,  
29 or recycled tires.

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

- 32 (1) Any self-propelled wheelchair.  
33 (2) Any motorized tricycle or motorized quadricycle, as defined  
34 in Section 407 of the Vehicle Code.  
35 (3) Any vehicle that is similar to a motorized tricycle or  
36 motorized quadricycle and is designed to be operated by a person  
37 who, by reason of the person’s physical disability, is otherwise  
38 unable to move about as a pedestrian.

39 (i) This section shall become operative on January 1, 2024.

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

4 42889. (a) ~~Commencing January 1, 2005, of~~ *Of* the moneys  
5 collected pursuant to Section 42885, an amount equal to  
6 seventy-five cents (\$0.75) per tire on which the fee is imposed  
7 shall be transferred by the State Board of Equalization to the Air  
8 Pollution Control Fund. The state board shall expend those moneys,  
9 or allocate those moneys to the districts for expenditure, to fund  
10 programs and projects that mitigate or remediate air pollution  
11 caused by tires in the state, to the extent that the state board or the  
12 applicable district determines that the program or project  
13 remediates air pollution harms created by tires upon which the fee  
14 described in Section 42885 is imposed.

15 (b) The remaining moneys collected pursuant to Section 42885  
16 shall be used to fund the waste tire program, and shall be  
17 appropriated to the ~~board~~ *department* in the annual Budget Act in  
18 a manner consistent with the five-year plan adopted and updated  
19 by the ~~board~~ *department*. These moneys shall be expended for the  
20 payment of refunds under this chapter and for the following  
21 purposes:

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

26 (2) To pay the costs of administration associated with collection,  
27 making refunds, and auditing revenues in the fund, not to exceed  
28 3 percent of the total revenue deposited in the fund, as provided  
29 in subdivision (c) of Section 42885.

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

32 (4) To pay the costs associated with the development and  
33 enforcement of regulations relating to the storage of waste tires  
34 and used tires. The ~~board~~ *department* shall consider designating a  
35 city, county, or city and county as the enforcement authority of  
36 regulations relating to the storage of waste tires and used tires, as  
37 provided in subdivision (c) of Section 42850, and regulations  
38 relating to the hauling of waste and used tires, as provided in  
39 subdivision (b) of Section 42963. If the ~~board~~ *department*  
40 designates a local entity for that purpose, the ~~board~~ *department*

1 shall provide sufficient, stable, and noncompetitive funding to that  
2 entity for that purpose, based on available resources, as provided  
3 in the five-year plan adopted and updated as provided in  
4 subdivision (a) of Section 42885.5. The ~~board~~ *department* may  
5 consider and create, as appropriate, financial incentives for citizens  
6 who report the illegal hauling or disposal of waste tires as a means  
7 of enhancing local and statewide waste tire and used tire  
8 enforcement programs.

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

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

18 (7) To assist in developing markets and new technologies for  
19 used tires and waste tires. The ~~board's~~ *department's* expenditure  
20 of funds for purposes of this subdivision shall reflect the priorities  
21 for waste management practices specified in subdivision (a) of  
22 Section 40051.

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

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

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

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

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

38 SEC. 29. Section 42889 of the Public Resources Code, as  
39 amended by Section 4 of Chapter 333 of the Statutes of 2009, is  
40 amended to read:

1 42889. Funding for the waste tire program shall be appropriated  
2 to the ~~board~~ *department* in the annual Budget Act. The moneys in  
3 the fund shall be expended for the payment of refunds under this  
4 chapter and for the following purposes:

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

9 (b) To pay the costs of administration associated with collection,  
10 making refunds, and auditing revenues in the fund, not to exceed  
11 3 percent of the total revenue deposited in the fund, as provided  
12 in subdivision (b) of Section 42885.

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

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

32 (e) To pay the costs of cleanup, abatement, removal, or other  
33 remedial action related to waste tire stockpiles throughout the state,  
34 including all approved costs incurred by other public agencies  
35 involved in these activities by contract with the ~~board~~. ~~Not less~~  
36 ~~than six million five hundred thousand dollars (\$6,500,000) shall~~  
37 ~~be expended by the board during each of the following fiscal years~~  
38 ~~for this purpose: 2001–02 to 2006–07, inclusive.~~ *department*.

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

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

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

4 9250.1. (a) Beginning July 1, 2008, the fee described in Section  
5 9250 shall be increased by three dollars (\$3).

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

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

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

18 9250.2. (a) The department, if requested by the Sacramento  
19 Metropolitan Air Quality Management District pursuant to Section  
20 41081 of the Health and Safety Code, shall impose and collect a  
21 surcharge on the registration fees for every motor vehicle registered  
22 in that district, not to exceed the amount of six dollars (\$6), as  
23 specified by the governing body of that district.

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

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

30 9250.2. (a) The department, if requested by the Sacramento  
31 Metropolitan Air Quality Management District pursuant to Section  
32 41081 of the Health and Safety Code, shall impose and collect a  
33 surcharge on the registration fees for every motor vehicle registered  
34 ~~in that district, not to exceed either of the following amounts,~~  
35 ~~whichever is applicable, as specified by the governing body of that~~  
36 ~~district:~~

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

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

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

5 SEC. 33. Section 9261.1 of the Vehicle Code is amended to  
6 read:

7 9261.1. (a) Beginning July 1, 2008, the fee described in Section  
8 9261, as adjusted pursuant to Section 1678, shall be increased by  
9 five dollars (\$5).

10 (b) Two dollars and 50 cents (\$2.50) of the increase shall be  
11 deposited into the Alternative and Renewable Fuel and Vehicle  
12 Technology Fund created by Section 44273 of the Health and  
13 Safety Code, and two dollars and fifty cents (\$2.50) shall be  
14 deposited into the Air Quality Improvement Fund created by  
15 Section 44274.5 of the Health and Safety Code.

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

19 SEC. 34. Section 9853.6 of the Vehicle Code is amended to  
20 read:

21 9853.6. (a) (1) Beginning July 1, 2008, the fee described in  
22 paragraph (1) of subdivision (b) of Section 9853 shall be increased  
23 by ten dollars (\$10).

24 (2) Five dollars (\$5) of the increase shall be deposited into the  
25 Alternative and Renewable Fuel and Vehicle Technology Fund  
26 created by Section 44273 of the Health and Safety Code and five  
27 dollars (\$5) shall be deposited into the Air Quality Improvement  
28 Fund created by Section 44274.5 of the Health and Safety Code.

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

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

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

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

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

O