

AMENDED IN SENATE AUGUST 12, 2013

AMENDED IN ASSEMBLY MAY 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 8

Introduced by Assembly Members Perea and Skinner

~~(Coauthors: Senators Cannella and Correa)~~

(Coauthors: Assembly Members Brown and Garcia)

(Coauthor: Senator Cannella)

December 3, 2012

An act to amend Sections 41081, 44060.5, 44225, 44229, 44270.3, 44271, 44272, 44273, 44274, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, ~~and to add Sections 43018.9, 43867.5, and 43867.6~~ Section 43018.9 to, *and to repeal Section 44299 of*, 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)~~, *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. *Existing law also creates the Air Quality Improvement Program, administered by the State Air Resources Board, to fund air quality improvement projects related to fuel and vehicle technologies. Existing law creates the enhanced fleet modernization program to provide compensation for the retirement of passenger vehicles, and light-duty and medium-duty trucks that are high polluters.*

This bill would provide that the ~~State Air Resources Board (state 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 supplier, as defined~~, to construct, operate, or provide funding for the construction or operation of any publicly available ~~hydrogen-fueling~~ *hydrogen-fueling* station. The bill would require the state board to aggregate and make available to the public, no later than ~~January 1, June 30, 2014~~, and every ~~2 years~~ *year* thereafter, the number of *hydrogen-fueled* vehicles that ~~automobile~~ *motor vehicle* manufacturers project to be sold or leased ~~over the next 3 years~~, as reported to the ~~state board~~, *board*, and the number of *hydrogen-fueled* vehicles registered with the Department of Motor Vehicles through April 30. The bill would require the commission to allocate \$20 million ~~each fiscal year~~ *annually*, 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.~~ *hydrogen-fueling stations in California*. 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~~ *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~~, 2014, would require the state board ~~and, in consultation with air districts pollution control and air quality management districts,~~ to ~~jointly~~ convene working groups to evaluate the specified policies and goals of specified programs. *The bill would add intelligent transportation systems as a category of projects eligible for funding under the Alternative and Renewable Fuel and Vehicle Technology Program. The bill would require the commission and the state board, in making awards under both the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program, to provide a preference to projects with higher benefit-cost scores, as defined. The bill would prohibit any customer incentives for light-duty vehicles from being greater than compensations given to customers under the enhanced fleet modernization program for the retirement of certain high-polluting vehicles.*

~~(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)~~

~~(2) 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)

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

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

(5)

(4) 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)

(5) Existing law authorizes each ~~air-pollution-control and air-quality management district (district)~~ that has been designated a state *federal* nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento *Metropolitan* Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that *air* district, as specified by the governing body of the *air* district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by ~~a~~ *an air* district, and requires the department, after deducting its administrative costs, to distribute the revenues to the *air* 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)~~

(6) 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~~, *imposed* be deposited in the Air Pollution Control ~~Fund~~, *Fund* with these moneys to be available upon appropriation by the Legislature for use by the state board and *air* districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would instead ~~establish a~~ *set the* tire fee of ~~\$1.50 at~~ *\$1.75* per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

(7) *Section 3 of Article XIX of the California Constitution restricts the expenditure of revenues from fees and taxes imposed by the state on vehicles to specified purposes, subject to certain exceptions.*

This bill would require the commission and the state board to ensure that revenues from specified fees imposed on vehicles that are used for purposes of the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program are expended in compliance with Section 3 of Article XIX of the California Constitution.

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

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

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

1 SECTION 1. Section 41081 of the Health and Safety Code, as
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is
3 amended to read:

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

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

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

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

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

32 (2) The revenues resulting from the next two dollars (\$2) of
33 each surcharge shall be used to implement the following programs
34 that achieve emission reductions from vehicular sources and
35 off-road engines, to the extent that the district determines the

1 program remediates air pollution harms created by motor vehicles
2 on which the surcharge is imposed:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

38 (d) Funds received by the Sacramento district pursuant to this
39 section shall be used to implement the strategy with respect to the
40 reduction in emissions from vehicular sources, including, but not

1 limited to, a clean fuels program and motor vehicle use reduction
2 measures. Not more than 5 percent of the funds collected pursuant
3 to this section shall be used by the district for administrative
4 expenses.

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

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

8 43018.9. (a) For purposes of this section, the following terms
9 have the following meanings:

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

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

16 (b) (1) Notwithstanding any other law, the state board shall
17 have no authority to enforce any element of its existing clean fuels
18 outlet regulation or of any other regulation that requires or has the
19 effect of requiring that ~~any person~~ *any supplier, as defined in*
20 *Section 7338 of the Revenue and Taxation Code as in effect on*
21 *May 22, 2013*, construct, operate, or provide funding for the
22 construction or operation of any publicly available ~~hydrogen~~
23 ~~fueling~~ *hydrogen-fueling* station.

24 (2) This subdivision shall become inoperative on January 1,
25 2024.

26 (c) ~~The state board shall aggregate and make available to the~~
27 ~~public no later than January 1, 2014, and every two years thereafter,~~
28 ~~the number of vehicles that automobile manufacturers project to~~
29 ~~be sold or leased, as reported to the state board pursuant to Section~~
30 ~~2303(a) of Title 13 of the California Code of Regulations.~~

31 (d) (1) ~~The commission shall allocate twenty million dollars~~
32 ~~(\$20,000,000) each fiscal year, beginning July 1, 2013, through~~
33 ~~June 30, 2016, and up to twenty million dollars (\$20,000,000) each~~
34 ~~fiscal year thereafter, not to exceed 20 percent of moneys~~
35 ~~appropriated by the Legislature from the Alternative and~~
36 ~~Renewable Fuel and Vehicle Technology Fund, established~~
37 ~~pursuant to Section 44273, for purposes of achieving a hydrogen~~
38 ~~fueling network sufficient to provide convenient fueling to vehicle~~
39 ~~owners, and expand that network as necessary to support a growing~~

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

3 (c) On or before June 30, 2014, and every year thereafter, the
4 state board shall aggregate and make available all of the following:

5 (1) The number of hydrogen-fueled vehicles that motor vehicle
6 manufacturers project to be sold or leased over the next three
7 years as reported to the state board pursuant to the Low Emission
8 Vehicle regulations, as currently established in Sections 1961 to
9 1961.2, inclusive, of Title 13 of the California Code of Regulations.

10 (2) The total number of hydrogen-fueled vehicles registered
11 with the Department of Motor Vehicles through April 30.

12 (d) On or before June 30, 2014, and every year thereafter, the
13 state board, based on the information made available pursuant to
14 subdivision (c), shall do both of the following:

15 (1) Evaluate the need for additional publicly available
16 hydrogen-fueling stations for the subsequent three years in terms
17 of quantity of fuel needed for the actual and projected number of
18 hydrogen-fueled vehicles, geographic areas where fuel will be
19 needed, and station coverage.

20 (2) Report findings to the commission on the need for additional
21 publicly available hydrogen-fueling stations in terms of number
22 of stations, geographic areas where additional stations will be
23 needed, and minimum operating standards, such as number of
24 dispensers, filling protocols, and pressures.

25 (e) (1) The commission shall allocate twenty million dollars
26 (\$20,000,000) annually to fund the number of stations identified
27 pursuant to subdivision (d), not to exceed 20 percent of the moneys
28 appropriated by the Legislature from the Alternative and
29 Renewable Fuel and Vehicle Technology Fund, established
30 pursuant to Section 44273, until there are at least 100 publicly
31 available hydrogen-fueling stations in operation in California.

32 (2) If the commission, in consultation with the state board,
33 determines that the full amount identified in paragraph (1) is not
34 needed to fund the number of stations identified by the state board
35 pursuant to subdivision (d), the commission may allocate any
36 remaining moneys to other projects, subject to the requirements
37 of the Alternative and Renewable Fuel and Vehicle Technology
38 Program pursuant to Article 2 (commencing with Section 44272)
39 of Chapter 8.9.

1 (3) *Allocations by the commission pursuant to this subdivision*
2 *shall be subject to all of the requirements applicable to allocations*
3 *from the Alternative and Renewable Fuel and Vehicle Technology*
4 *Program pursuant to Article 2 (commencing with Section 44272)*
5 *of Chapter 8.9.*

6 (4) *The commission, in consultation with the state board, shall*
7 *award moneys allocated in paragraph (1) based on best available*
8 *data, including information made available pursuant to subdivision*
9 *(d), and input from relevant stakeholders, including motor vehicle*
10 *manufacturers that have planned deployments of hydrogen-fueled*
11 *vehicles, according to a strategy that supports the deployment of*
12 *an effective and efficient hydrogen-fueling station network in a*
13 *way that maximizes benefits to the public while minimizing costs*
14 *to the state.*

15 (2)

16 (5) Notwithstanding paragraph (1), once the commission
17 determines, in consultation with the state board, that the private
18 sector is establishing publicly available ~~hydrogen-fueling~~
19 *hydrogen-fueling* stations without the need for government support,
20 the commission may cease providing funding for those stations.

21 (3)

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

1 Alternative and Renewable Fuel and Vehicle Technology Program
2 remains necessary to achieve this goal.

3 (e)

4 (f) To assist in the implementation of this section and maximize
5 the ability to deploy fueling infrastructure as rapidly as possible
6 with the assistance of private capital, the commission may design
7 grants, loan incentive programs, revolving loan programs, and
8 other forms of financial assistance. The commission also may enter
9 into an agreement with the Treasurer to provide financial assistance
10 to further the purposes of this section.

11 (f)

12 (g) Funds appropriated to the commission for the purposes of
13 this section shall be available for encumbrance by the commission
14 for up to four years from the date of the appropriation and for
15 liquidation up to four years after expiration of the deadline to
16 encumber.

17 (g)

18 (h) Notwithstanding any other law, the state board, in
19 consultation with air districts, no later than July 1, ~~2013~~, 2014,
20 shall convene working groups to evaluate the policies and goals
21 contained within the Carl Moyer Memorial Air Quality Standards
22 Attainment Program, pursuant to Section 44280, and Assembly
23 Bill 923 (Chapter 707 of the Statutes of 2004).

24 ~~SEC. 4. Section 43867.5 is added to the Health and Safety~~
25 ~~Code, to read:~~

26 ~~43867.5. The Legislature finds and declares all of the following:~~

27 (a) ~~The state overwhelmingly relies on a single source of fuel,~~
28 ~~petroleum, for its transportation needs, and nearly one-half of that~~
29 ~~petroleum comes from overseas. This overreliance on petroleum~~
30 ~~leaves residents vulnerable to supply interruptions and price~~
31 ~~instabilities, and it leaves consumers with essentially no options~~
32 ~~for alternative transportation fuels.~~

33 (b) ~~Residents spend over twenty billion dollars~~
34 ~~(\$20,000,000,000) each year on petroleum fuel imports,~~
35 ~~representing a significant missed economic opportunity.~~

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

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

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

12 ~~SEC. 5. Section 43867.6 is added to the Health and Safety~~
13 ~~Code, to read:~~

14 ~~43867.6. (a) In order to measure the progress of alternative~~
15 ~~fuels use for on-road and off-road vehicles in the state, it is the~~
16 ~~intent of the Legislature that the state board and the State Energy~~
17 ~~Resources Conservation and Development Commission shall~~
18 ~~update the analysis of the state alternative transportation fuels use~~
19 ~~described in this section.~~

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

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

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

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

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

38 ~~(e) On or before November 1, 2015, and every two years~~
39 ~~thereafter consistent with and reported within the integrated energy~~
40 ~~policy report, pursuant to Section 25302 of the Public Resources~~

1 ~~Code, the state board and the State Energy Resources Conservation~~
2 ~~and Development Commission shall report on the status of the~~
3 ~~state alternative transportation fuels use analysis pursuant to~~
4 ~~subdivision (a) and make the evaluations required in subdivision~~
5 ~~(d). The report shall include details as to the quantities of~~
6 ~~alternative fuels used in the state during the preceding years in~~
7 ~~absolute terms and as a percentage of the state's overall~~
8 ~~transportation fuel mix.~~

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

12 ~~(g) This section shall be implemented consistent with the~~
13 ~~environmental, public health, and sustainability considerations~~
14 ~~included in Sections 44271 and 44272. Further, this section does~~
15 ~~not preempt the California Global Warming Solutions Act of 2006~~
16 ~~(Division 25.5 (commencing with Section 38500)) or the programs~~
17 ~~and policies implemented pursuant to that act.~~

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

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

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

26 ~~(3) Alternative fuel market penetration in nonattainment areas.~~

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

29 ~~SEC. 6.~~

30 ~~SEC. 4.~~ Section 44060.5 of the Health and Safety Code is
31 amended to read:

32 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
33 described in subdivision (d) of Section 44060 shall be increased
34 by eight dollars (\$8).

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

37 (1) The revenues generated by four dollars (\$4) shall be
38 deposited in the Air Quality Improvement Fund created by Section
39 44274.5.

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

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

7 ~~SEC. 7.~~

8 *SEC. 5.* Section 44225 of the Health and Safety Code, as
9 amended by Section 3 of Chapter 707 of the Statutes of 2004, is
10 amended to read:

11 44225. A district may increase the fee established under Section
12 44223 to up to six dollars (\$6). A district may increase the fee only
13 if the following conditions are met:

14 (a) A resolution providing for both the fee increase and a
15 corresponding program for expenditure of the increased fees for
16 the reduction of air pollution from motor vehicles pursuant to, and
17 for related planning, monitoring, enforcement, and technical studies
18 necessary for the implementation of, the California Clean Air Act
19 of 1988 is adopted and approved by the governing board of the
20 district.

21 (b) In districts with nonelected officials on their governing
22 boards, the resolution shall be adopted and approved by both a
23 majority of the governing board and a majority of the board
24 members who are elected officials.

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

28 (d) 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. 8.~~

32 *SEC. 6.* Section 44225 of the Health and Safety Code, as added
33 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended
34 to read:

35 44225. A district may increase the fee established under Section
36 44223 ~~by~~ to up to four dollars (\$4). A district may increase the fee
37 only if the following conditions are met:

38 (a) A resolution providing for both the fee increase and a
39 corresponding program for expenditure of the increased fees for
40 the reduction of air pollution from motor vehicles pursuant to, and

1 for related planning, monitoring, enforcement, and technical studies
2 necessary for the implementation of, the California Clean Air Act
3 of 1988 is adopted and approved by the governing board of the
4 district.

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

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

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

13 ~~SEC. 9.~~

14 *SEC. 7.* Section 44229 of the Health and Safety Code, as
15 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is
16 amended to read:

17 44229. (a) After deducting all administrative costs it incurs
18 through collection of fees pursuant to Section 44227, the
19 Department of Motor Vehicles shall distribute the revenues to
20 districts, which shall use the revenues resulting from the first four
21 dollars (\$4) of each fee imposed to reduce air pollution from motor
22 vehicles and to carry out related planning, monitoring, enforcement,
23 and technical studies necessary for implementation of the California
24 Clean Air Act of 1988. Fees collected by the Department of Motor
25 Vehicles pursuant to this chapter shall be distributed to districts
26 based upon the amount of fees collected from motor vehicles
27 registered within each district.

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

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

36 (2) The new purchase, retrofit, repower, or add-on equipment
37 for previously unregulated agricultural sources of air pollution, as
38 defined in Section 39011.5, for a minimum of three years from
39 the date of adoption of an applicable rule or standard, or until the
40 compliance date of that rule or standard, whichever is later, if the

1 state board has determined that the rule or standard complies with
2 Sections 40913, 40914, and 41503.1, after which period of time,
3 a new purchase, retrofit, repower, or add-on of equipment shall
4 not be funded pursuant to this chapter. The districts shall follow
5 any guidelines developed under subdivision (a) of Section 44287
6 for awarding grants under this program.

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

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

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

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

23 (c) The Department of Motor Vehicles may annually expend
24 not more than 1 percent of the fees collected pursuant to Section
25 44227 on administrative costs.

26 (d) A project funded by the program shall not be used for credit
27 under any state or federal emissions averaging, banking, or trading
28 program. An emission reduction generated by the program shall
29 not be used as marketable emission reduction credits or to offset
30 any emission reduction obligation of any person or entity. Projects
31 involving new engines that would otherwise generate marketable
32 credits under state or federal averaging, banking, and trading
33 programs shall include transfer of credits to the engine end user
34 and retirement of those credits toward reducing air emissions in
35 order to qualify for funding under the program. A purchase of a
36 low-emission vehicle or of equipment pursuant to a corporate or
37 a controlling board's policy, but not otherwise required by law,
38 shall generate surplus emissions reductions and may be funded by
39 the program.

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

4 ~~SEC. 10.~~

5 *SEC. 8.* Section 44229 of the Health and Safety Code, as added
6 by Section 4.5 of Chapter 707 of the Statutes of 2004, is amended
7 to read:

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

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

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

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

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

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

31 *SEC. 9. Section 44270.3 of the Health and Safety Code is*
32 *amended to read:*

33 44270.3. For the purposes of this chapter, the following terms
34 have the following meanings:

35 (a) *“Benefit-cost score,” for the Alternative and Renewable*
36 *Fuel and Vehicle Technology Program created pursuant to Section*
37 *44272, means a project’s expected or potential greenhouse gas*
38 *emissions reduction per dollar awarded by the commission to the*
39 *project from the Alternative and Renewable Fuel and Vehicle*
40 *Technology Fund.*

1 (a)
2 (b) “Commission” means the State Energy Resources
3 Conservation and Development Commission.

4 (b)
5 (c) “Full fuel-cycle assessment” or “life-cycle assessment”
6 means evaluating and comparing the full environmental and health
7 impacts of each step in the life cycle of a fuel, including, but not
8 limited to, all of the following:

9 (1) Feedstock production, extraction, cultivation, transport, and
10 storage, and the transportation and use of water and changes in
11 land use and land cover therein.

12 (2) Fuel production, manufacture, distribution, marketing,
13 transport, and storage, and the transportation and use of water
14 therein.

15 (3) Vehicle operation, including refueling, combustion,
16 conversion, permeation, and evaporation.

17 (e)
18 (d) “Vehicle technology” means any vehicle, boat, off-road
19 equipment, or locomotive, or component thereof, including its
20 engine, propulsion system, transmission, or construction materials.

21 (e) *For purposes of the Air Quality Improvement Program*
22 *created pursuant to Section 44274, the following terms have the*
23 *following meanings:*

24 (1) *“Benefit-cost score” means the reasonably expected or*
25 *potential criteria pollutant emission reductions achieved per dollar*
26 *awarded by the board for the project.*

27 (2) *“Project” means a category of investments identified for*
28 *potential funding by the board, including, but not limited to,*
29 *competitive grants, revolving loans, loan guarantees, loans,*
30 *vouchers, rebates, and other appropriate funding measures for*
31 *specific vehicles, equipment, technologies, or initiatives authorized*
32 *by Section 44274.*

33 *SEC. 10. Section 44271 of the Health and Safety Code is*
34 *amended to read:*

35 44271. (a) This chapter creates the Alternative and Renewable
36 Fuel and Vehicle Technology Program, pursuant to Section 44272,
37 to be administered by the commission, and the Air Quality
38 Improvement Program, pursuant to Section 44274, to be
39 administered by the state board. The commission and the state

1 board shall do all of the following in fulfilling their responsibilities
2 pursuant to their respective programs:

3 (1) Establish sustainability goals to ensure that alternative and
4 renewable fuel and vehicle deployment projects, on a full fuel-cycle
5 assessment basis, will not adversely impact natural resources,
6 especially state and federal lands.

7 (2) Establish a competitive process for the allocation of funds
8 for projects funded pursuant to this ~~chapter~~. *chapter, which*
9 *considers, among other factors, the benefit-cost score, as defined*
10 *in subdivision (a) of Section 44270.3, associated with a project*
11 *for the Alternative and Renewable Fuel and Vehicle Technology*
12 *Program or, as defined in paragraph (1) of subdivision (e) of*
13 *Section 44270.3, associated with a project, as defined in paragraph*
14 *(2) of subdivision (e) of Section 44270.3, for the Air Quality*
15 *Improvement Program.*

16 (3) Identify additional federal and private funding opportunities
17 to augment or complement the programs created pursuant to this
18 chapter.

19 (4) Ensure that the results of the reductions in emissions or
20 benefits can be measured and quantified.

21 (5) *Ensure that those revenues derived from fees imposed on*
22 *motor vehicles that are expended pursuant to this chapter, as*
23 *amended by Assembly Bill 8 of the 2013–14 Regular Session of*
24 *the Legislature, are expended in compliance with Section 3 of*
25 *Article XIX of the California Constitution, as were the revenues*
26 *derived from fees imposed on motor vehicles pursuant to Assembly*
27 *Bill 118 (Chapter 750 of the Statutes of 2007).*

28 (b) The state board, *in consultation with the commission*, shall
29 develop and adopt guidelines for both the Alternative and
30 Renewable Fuel and Vehicle Technology Program and the Air
31 Quality Improvement Program to ensure that programs meet both
32 of the following requirements:

33 (1) Activities undertaken pursuant to the programs complement,
34 and do not interfere with, efforts to achieve and maintain federal
35 and state ambient air quality standards and to reduce toxic air
36 contaminant *and greenhouse gas* emissions.

37 (2) Activities undertaken pursuant to the programs maintain or
38 improve upon emission reductions and air quality benefits in the
39 State Implementation Plan for Ozone, California Phase 2
40 Reformulated Gasoline standards, and diesel fuel regulations.

1 (c) For the purposes of both of the programs created by this
2 chapter, eligible projects do not include those required to be
3 undertaken pursuant to state or federal law, district rules or
4 regulations, memoranda of understanding with a governmental
5 entity, or legally binding agreements or documents. For the
6 purposes of the Alternative and Renewable Fuel and Vehicle
7 Technology Program, the state board shall advise the commission
8 to ensure the requirements of this subdivision are met.

9 (d) *Any customer incentives for light-duty vehicles, including*
10 *rebates, shall not be greater than compensations given to*
11 *consumers pursuant to Section 44125.*

12 *SEC. 11. Section 44272 of the Health and Safety Code is*
13 *amended to read:*

14 44272. (a) The Alternative and Renewable Fuel and Vehicle
15 Technology Program is hereby created. The program shall be
16 administered by the commission. The commission shall implement
17 the program by regulation pursuant to the requirements of Chapter
18 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
19 Title 2 of the Government Code. The program shall provide, upon
20 appropriation by the Legislature, competitive grants, revolving
21 loans, loan guarantees, loans, or other appropriate funding
22 measures, to public agencies, vehicle and technology entities,
23 businesses and projects, public-private partnerships, workforce
24 training partnerships and collaboratives, fleet owners, consumers,
25 recreational boaters, and academic institutions to develop and
26 deploy innovative technologies that transform California's fuel
27 and vehicle types to help attain the state's climate change policies.
28 The emphasis of this program shall be to develop and deploy
29 technology and alternative and renewable fuels in the marketplace,
30 without adopting any one preferred fuel or technology.

31 (b) A project that receives more than seventy-five thousand
32 dollars (\$75,000) in funds from the commission shall be approved
33 at a noticed public meeting of the commission and shall be
34 consistent with the priorities established by the investment plan
35 adopted pursuant to Section 44272.5. Under this article, the
36 commission may delegate to the commission's executive director,
37 or his or her designee, the authority to approve either of the
38 following:

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

4 (2) Amendments to a contract, grant, loan, or other agreement
5 or award as long as the amendments do not increase the amount
6 of the award, change the scope of the project, or modify the purpose
7 of the agreement.

8 (c) The commission shall provide preferences to those projects
9 that maximize the goals of the Alternative and Renewable Fuel
10 and Vehicle Technology Program, based on the following criteria,
11 as applicable:

12 (1) The project's ability to provide a measurable transition from
13 the nearly exclusive use of petroleum fuels to a diverse portfolio
14 of viable alternative fuels that meet petroleum reduction and
15 alternative fuel use goals.

16 (2) The project's consistency with existing and future state
17 climate change policy and low-carbon fuel standards.

18 (3) The project's ability to reduce criteria air pollutants and air
19 toxics and reduce or avoid multimedia environmental impacts.

20 (4) The project's ability to decrease, on a ~~life-eyele~~ *life-cycle*
21 basis, the discharge of water pollutants or any other substances
22 known to damage human health or the environment, in comparison
23 to the production and use of California Phase 2 Reformulated
24 Gasoline or diesel fuel produced and sold pursuant to California
25 diesel fuel regulations set forth in Article 2 (commencing with
26 Section 2280) of Chapter 5 of Division 3 of Title 13 of the
27 California Code of Regulations.

28 (5) The project does not adversely impact the sustainability of
29 the state's natural resources, especially state and federal lands.

30 (6) The project provides nonstate matching funds. Costs incurred
31 from the date a proposed award is noticed may be counted as
32 nonstate matching funds. The commission may adopt further
33 requirements for the purposes of this paragraph. The commission
34 is not liable for costs incurred pursuant to this paragraph if the
35 commission does not give final approval for the project or the
36 proposed recipient does not meet requirements adopted by the
37 commission pursuant to this paragraph.

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

1 (8) The project uses existing or proposed fueling infrastructure
2 to maximize the outcome of the project.

3 (9) The project's ability to reduce on a ~~life-cycle~~ *life-cycle*
4 assessment greenhouse gas emissions by at least 10 percent, and
5 higher percentages in the future, from current reformulated gasoline
6 and diesel fuel standards established by the state board.

7 (10) The project's use of alternative fuel blends of at least 20
8 percent, and higher blend ratios in the future, with a preference
9 for projects with higher blends.

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

13 *(d) The commission shall rank applications for projects*
14 *proposed for funding awards based on solicitation criteria*
15 *developed in accordance with subdivision (c), and shall give*
16 *additional preference to funding those projects with higher*
17 *benefit-cost scores.*

18 ~~(d)~~

19 *(e) Only the following shall be eligible for funding:*

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

27 (2) Demonstration and deployment projects that optimize
28 alternative and renewable fuels for existing and developing engine
29 technologies.

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

32 (4) Projects to decrease the overall impact of an alternative and
33 renewable fuel's life cycle carbon footprint and increase
34 sustainability.

35 (5) Alternative and renewable fuel infrastructure, fueling
36 stations, and equipment. The preference in paragraph (10) of
37 subdivision (c) shall not apply to renewable diesel or biodiesel
38 infrastructure, fueling stations, and equipment used solely for
39 renewable diesel or biodiesel fuel.

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

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

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

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

34 (10) Workforce training programs related to alternative and
35 renewable fuel feedstock production and extraction, renewable
36 fuel production, distribution, transport, and storage,
37 high-performance and low-emission vehicle technology and high
38 tower electronics, automotive computer systems, mass transit fleet
39 conversion, servicing, and maintenance, and other sectors or
40 occupations related to the purposes of this chapter.

1 (11) Block grants or incentive programs administered by public
2 entities or not-for-profit technology entities for multiple projects,
3 education and program promotion within California, and
4 development of alternative and renewable fuel and vehicle
5 technology centers. The commission may adopt guidelines for
6 implementing the block grant or incentive program, which shall
7 be approved at a noticed public meeting of the commission.

8 (12) Life cycle and multimedia analyses, sustainability and
9 environmental impact evaluations, and market, financial, and
10 technology assessments performed by a state agency to determine
11 the impacts of increasing the use of low-carbon transportation fuels
12 and technologies, and to assist in the preparation of the investment
13 plan and program implementation.

14 (13) A program to provide funding for homeowners who
15 purchase a plug-in electric vehicle to offset costs associated with
16 modifying electrical sources to include a residential plug-in electric
17 vehicle charging station. In establishing this program, the
18 commission shall consider funding criteria to maximize the public
19 benefit of the program.

20 (e)

21 (f) The commission may make a single source or sole source
22 award pursuant to this section for applied research. The same
23 requirements set forth in Section 25620.5 of the Public Resources
24 Code shall apply to awards made on a single source basis or a sole
25 source basis. This subdivision does not authorize the commission
26 to make a single source or sole source award for a project or
27 activity other than for applied research.

28 (f)

29 (g) The commission may do all of the following:

30 (1) Contract with the Treasurer to expend funds through
31 programs implemented by the Treasurer, if the expenditure is
32 consistent with all of the requirements of this article and Article
33 1 (commencing with Section 44270).

34 (2) Contract with small business financial development
35 corporations established by the Business, Transportation and
36 Housing Agency to expend funds through the Small Business Loan
37 Guarantee Program if the expenditure is consistent with all of the
38 requirements of this article and Article 1 (commencing with Section
39 44270).

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

3 (A) A public entity.

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

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

8 *SEC. 12. Section 44273 of the Health and Safety Code is*
9 *amended to read:*

10 44273. (a) The Alternative and Renewable Fuel and Vehicle
11 Technology Fund is hereby created in the State Treasury, to be
12 administered by the commission. The moneys in the fund, upon
13 appropriation by the Legislature, shall be expended by the
14 commission to implement the Alternative and Renewable Fuel and
15 Vehicle Technology Program in accordance with this chapter.

16 (b) Notwithstanding any other provision of law, the sum of ten
17 million dollars (\$10,000,000) shall be transferred annually from
18 the Public Interest Research, Development, and Demonstration
19 Fund created by Section 384 of the Public Utilities Code to the
20 Alternative and Renewable Fuel and Vehicle Technology Fund.
21 Prior to the award of any funds from this source, the commission
22 shall make a determination that the proposed project will provide
23 benefits to electric or natural gas ratepayers based upon the
24 commission's adopted criteria.

25 (c) Beginning with the integrated energy policy report adopted
26 in 2011, and in the subsequent reports adopted thereafter, pursuant
27 to Section 25302 of the Public Resources Code, the commission
28 shall include an evaluation of research, development, and
29 deployment efforts funded by this chapter. The evaluation shall
30 include all of the following:

31 (1) A list of projects funded by the Alternative and Renewable
32 Fuel and Vehicle Technology Fund.

33 (2) The expected benefits of the projects in terms of air quality,
34 petroleum use reduction, greenhouse gas emissions reduction,
35 technology advancement, *benefit-cost assessment*, and progress
36 towards achieving these benefits.

37 (3) The overall contribution of the funded projects toward
38 promoting a transition to a diverse portfolio of clean, alternative
39 transportation fuels and reduced petroleum dependency in
40 California.

1 (4) Key obstacles and challenges to meeting these goals
2 identified through funded projects.

3 (5) Recommendations for future actions.

4 *SEC. 13. Section 44274 of the Health and Safety Code is*
5 *amended to read:*

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

21 ~~(b) Projects proposed for funding pursuant to subdivision (a)~~
22 ~~shall be evaluated based on their proposed or potential reduction~~
23 ~~of criteria or toxic air pollutants, cost-effectiveness, contribution~~
24 ~~to regional air quality improvement, and ability to promote the use~~
25 ~~of clean alternative fuels and vehicle technologies as determined~~
26 ~~by the state board, in coordination with the commission.~~

27 (b) *The state board shall provide preference in awarding funding*
28 *to those projects with higher benefit-cost scores that maximize the*
29 *purposes and goals of the Air Quality Improvement Program. The*
30 *state board also may give additional preference based on the*
31 *following criteria, as applicable, in funding awards to projects:*

32 (1) *Proposed or potential reduction of criteria or toxic air*
33 *pollutants.*

34 (2) *Contribution to regional air quality improvement.*

35 (3) *Ability to promote the use of clean alternative fuels and*
36 *vehicle technologies as determined by the state board, in*
37 *coordination with the commission.*

38 (4) *Ability to achieve climate change benefits in addition to*
39 *criteria pollutant or air toxic emissions reductions.*

1 (5) Ability to support market transformation of California's
2 vehicle or equipment fleet to utilize low carbon or zero-emission
3 technologies.

4 (6) Ability to leverage private capital investments.

5 (c) The program shall be limited to competitive grants, revolving
6 loans, loan guarantees, loans, and other appropriate funding
7 measures that further the purposes of the program. Projects to be
8 funded shall include only the following:

9 (1) ~~On-~~Onroad and off-road equipment projects that are cost
10 effective.

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

13 (3) Projects that provide research to determine the air quality
14 impacts of alternative fuels and projects that study the life-cycle
15 impacts of alternative fuels and conventional fuels, the emissions
16 of biofuel and advanced reformulated gasoline blends, and air
17 pollution improvements and control technologies for use with
18 alternative fuels and vehicles.

19 (4) Projects that augment the University of California's
20 agricultural experiment station and cooperative extension programs
21 for research to increase sustainable biofuels production and
22 improve the collection of biomass feedstock.

23 (5) Incentives for small off-road equipment replacement to
24 encourage consumers to replace internal combustion engine lawn
25 and garden equipment.

26 (6) Incentives for medium- and heavy-duty vehicles and
27 equipment mitigation, including all of the following:

28 (A) Lower emission schoolbus programs.

29 (B) Electric, hybrid, and plug-in hybrid ~~on-~~ onroad and off-road
30 medium- and heavy-duty equipment.

31 (C) Regional air quality improvement and attainment programs
32 implemented by the state or districts in the most impacted regions
33 of the state.

34 (7) Workforce training initiatives related to advanced energy
35 technology designed to reduce air pollution, including
36 state-of-the-art equipment and goods, and new processes and
37 systems. Workforce training initiatives funded shall be broad-based
38 partnerships that leverage other public and private job training
39 programs and resources. These partnerships may include, though
40 are not limited to, employers, labor unions, labor-management

1 partnerships, community organizations, workforce investment
2 boards, postsecondary education providers including community
3 colleges, and economic development agencies.

4 (8) Incentives to identify and reduce emissions from ~~high~~
5 ~~emitting~~ *high-emitting* light-duty vehicles.

6 (d) (1) Beginning January 1, 2011, the state board shall submit
7 to the Legislature a biennial report to evaluate the implementation
8 of the Air Quality Improvement Program established pursuant to
9 this chapter.

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

11 (A) A list of projects funded by the Air Quality Improvement
12 Account.

13 (B) The expected benefits of the projects in promoting clean,
14 alternative fuels and vehicle technologies.

15 (C) Improvement in air quality and public health, greenhouse
16 gas emissions reductions, and the progress made toward achieving
17 these benefits.

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

20 (E) Recommendations for future actions.

21 (3) The state board may include the information required to be
22 reported pursuant to paragraph (1) in an existing report to the
23 Legislature as the state board deems appropriate.

24 ~~SEC. 11.~~

25 *SEC. 14.* Section 44275 of the Health and Safety Code, as
26 amended by Section 5 of Chapter 707 of the Statutes of 2004, is
27 amended to read:

28 44275. (a) As used in this chapter, the following terms have
29 the following meanings:

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

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

33 (3) "Commission" means the State Energy Resources
34 Conservation and Development Commission.

35 (4) "Cost-effectiveness" means dollars provided to a project
36 pursuant to subdivision (d) of Section 44283 for each ton of
37 covered emission reduction attributed to a project or to the program
38 as a whole. In calculating cost-effectiveness, one-time grants of
39 funds made at the beginning of a project shall be annualized using
40 a time value of public funds or discount rate determined for each

1 project by the state board, taking into account the interest rate on
2 bonds, interest earned by state funds, and other factors as
3 determined appropriate by the state board. Cost-effectiveness shall
4 be calculated by dividing annualized costs by average annual
5 emissions reduction. The state board, in consultation with the
6 districts and concerned members of the public, shall establish
7 appropriate cost-effective limits for oxides of nitrogen, particulate
8 matter, and reactive organic gases and a reasonable system for
9 comparing the cost-effectiveness of proposed projects as described
10 in subdivision (a) of Section 44283.

11 (5) “Covered emissions” include emissions of oxides of nitrogen,
12 particulate matter, and reactive organic gases from any covered
13 source.

14 (6) “Covered engine” includes any internal combustion engine
15 or electric motor and drive powering a covered source.

16 (7) “Covered source” includes ~~on-road~~ *onroad* vehicles, off-road
17 nonrecreational equipment and vehicles, locomotives, diesel marine
18 vessels, agricultural sources of air pollution, as defined in Section
19 39011.5, and, as determined by the state board, other high-emitting
20 engine categories.

21 (8) “Covered vehicle” includes any vehicle or piece of
22 equipment powered by a covered engine.

23 (9) “District” means a county air pollution control district or an
24 air quality management district.

25 (10) “Fund” means the ~~Carl Moyer Memorial Air Quality~~
26 ~~Standards Attainment Trust Fund created by Section 44299. Air~~
27 ~~Pollution Control Fund established pursuant to Section 43015.~~

28 (11) “Mobile Source Air Pollution Reduction Review
29 Committee” means the Mobile Source Air Pollution Reduction
30 Review Committee created by Section 44244.

31 (12) “Incremental cost” means the cost of the project less a
32 baseline cost that would otherwise be incurred by the applicant in
33 the normal course of business. Incremental costs may include
34 added lease or fuel costs pursuant to Section 44283 as well as
35 incremental capital costs.

36 (13) “New very low emission vehicle” means a heavy-duty
37 vehicle that qualifies as a very low emission vehicle when it is a
38 new vehicle, where new vehicle has the same meaning as defined
39 in Section 430 of the Vehicle Code, or that is modified with the
40 approval and warranty of the original equipment manufacturer to

1 qualify as a very low emission vehicle within 12 months of delivery
2 to an owner for private or commercial use.

3 (14) “NO_x” means oxides of nitrogen.

4 (15) “Program” means the Carl Moyer Memorial Air Quality
5 Standards Attainment Program created by subdivision (a) of
6 Section 44280.

7 (16) “Repower” means replacing an engine with a different
8 engine. The term repower, as used in this chapter, generally refers
9 to replacing an older, uncontrolled engine with a new,
10 emissions-certified engine, although replacing an older
11 emissions-certified engine with a newer engine certified to lower
12 emissions standards may be eligible for funding under this program.

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

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

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

23 ~~SEC. 12.~~

24 *SEC. 15.* Section 44275 of the Health and Safety Code, as
25 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is
26 amended to read:

27 44275. (a) As used in this chapter, the following terms have
28 the following meanings:

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

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

32 (3) “Commission” means the State Energy Resources
33 Conservation and Development Commission.

34 (4) “Cost-effectiveness” means dollars provided to a project
35 pursuant to subdivision (d) of Section 44283 for each ton of NO_x
36 reduction attributed to a project or to the program as a whole. In
37 calculating cost-effectiveness, one-time grants of funds made at
38 the beginning of a project shall be annualized using a time value
39 of public funds or discount rate determined for each project by the
40 state board, taking into account the interest rate on bonds, interest

1 earned by state funds, and other factors as determined appropriate
2 by the state board. Cost-effectiveness shall be calculated by
3 dividing annualized costs by average annual emissions reduction
4 of NO_x in this state.

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

7 (6) “Covered source” includes ~~on-road~~ *onroad* vehicles of
8 14,000 pounds gross vehicle weight rating (GVWR) or greater,
9 off-road nonrecreational equipment and vehicles, locomotives,
10 diesel marine vessels, stationary agricultural engines, and, as
11 determined by the state board, other high-emitting diesel engine
12 categories.

13 (7) “Covered vehicle” includes any vehicle or piece of
14 equipment powered by a covered engine.

15 (8) “District” means a county air pollution control district or an
16 air quality management district.

17 (9) “Fund” means the ~~Carl Moyer Memorial Air Quality~~
18 ~~Standards Attainment Trust Fund created by Section 44299. Air~~
19 *Pollution Control Fund established pursuant to Section 43015.*

20 (10) “Mobile Source Air Pollution Reduction Review
21 Committee” means the Mobile Source Air Pollution Reduction
22 Review Committee created by Section 44244.

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

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

35 (13) “NO_x” means oxides of nitrogen.

36 (14) “Program” means the Carl Moyer Memorial Air Quality
37 Standards Attainment Program created by subdivision (a) of
38 Section 44280.

39 (15) “Repower” means replacing an engine with a different
40 engine. The term repower, as used in this chapter, generally refers

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

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

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

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

13 ~~SEC. 13.~~

14 *SEC. 16.* Section 44280 of the Health and Safety Code, as
15 amended by Section 6 of Chapter 707 of the Statutes of 2004, is
16 amended to read:

17 44280. (a) There is hereby created the Carl Moyer Memorial
18 Air Quality Standards Attainment Program. The program shall be
19 administered by the state board in accordance with this chapter.
20 The administration of the program may be delegated to the districts.

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

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

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

37 ~~SEC. 14.~~

38 *SEC. 17.* Section 44280 of the Health and Safety Code, as
39 added by Section 6.5 of Chapter 707 of the Statutes of 2004, is
40 amended to read:

1 44280. (a) There is hereby created the Carl Moyer Memorial
2 Air Quality Standards Attainment Program. The program shall be
3 administered by the state board in accordance with this chapter.
4 The administration of the program may be delegated to the districts.

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

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

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

19 ~~SEC. 15.~~

20 *SEC. 18.* Section 44281 of the Health and Safety Code, as
21 amended by Section 7 of Chapter 707 of the Statutes of 2004, is
22 amended to read:

23 44281. (a) Eligible projects include, but are not limited to, any
24 of the following:

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

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

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

33 (4) Development and demonstration of practical, low-emission
34 retrofit technologies, repower options, and advanced technologies
35 for covered engines and vehicles with very low emissions of ~~oxides~~
36 ~~of nitrogen.~~ NO_x .

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

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

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

27 (d) Eligible applicants may be any individual, company, or
28 public agency that owns one or more covered vehicles that operate
29 primarily within California or otherwise contribute substantially
30 to the ~~oxides of nitrogen (NO_x), NO_x~~ particulate matter (PM), or
31 reactive organic gas (ROG) emissions inventory in California.

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

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

1 ~~SEC. 16.~~

2 *SEC. 19.* Section 44281 of the Health and Safety Code, as
3 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is
4 amended to read:

5 44281. (a) Eligible projects are any of the following:

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

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

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

14 (4) Development and demonstration of practical, low-emission
15 retrofit technologies, repower options, and advanced technologies
16 for covered engines and vehicles with very low emissions of ~~oxides~~
17 ~~of nitrogen.~~ *NO_x*.

18 (b) No new purchase, retrofit, repower, or add-on equipment
19 shall be funded under this chapter if it is required by any local,
20 state, or federal statute, rule, regulation, memoranda of agreement
21 or understanding, or other legally binding document, except that
22 an otherwise qualified project may be funded even if the ~~State~~
23 ~~Implementation Plan~~ *state implementation plan* assumes that the
24 change in equipment, vehicles, or operations will occur, if the
25 change is not required by a statute, regulation, or other legally
26 binding document in effect as of the date the grant is awarded. No
27 project funded by the program shall be used for credit under any
28 state or federal emissions averaging, banking, or trading program.
29 No emission reduction generated by the program shall be used as
30 marketable emission reduction credits or to offset any emission
31 reduction obligation of any entity. Projects involving new engines
32 that would otherwise generate marketable credits under state or
33 federal averaging, banking, and trading programs shall include
34 transfer of credits to the engine end user and retirement of those
35 credits toward reducing air emissions in order to qualify for funding
36 under the program. A purchase of a low-emission vehicle or of
37 equipment pursuant to a corporate or a controlling board's policy,
38 but not otherwise required by law, shall generate surplus emissions
39 reductions and may be funded by the program.

1 (c) The program may also provide funding toward installation
2 of fueling or electrification infrastructure as provided in Section
3 44284.

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

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

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

13 ~~SEC. 17.~~

14 *SEC. 20.* Section 44282 of the Health and Safety Code, as
15 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
16 amended to read:

17 44282. The following criteria apply to all projects to be funded
18 through the program except for projects funded through the
19 ~~Advanced Technology Account and the Infrastructure~~
20 ~~Demonstration Program:~~ *infrastructure demonstration program.*

21 (a) The state board may establish project criteria, including
22 minimum project life for source categories, in the guidelines
23 described in Section 44287. For previously unregulated source
24 categories, project criteria shall consider the timing of newly
25 established regulatory requirements.

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

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

33 (d) Retrofit technologies, new engines, and new vehicles shall
34 be certified for sale or under experimental permit for operation in
35 California.

36 (e) Repower projects that replace older, uncontrolled engines
37 with new, emissions-certified engines or that replace
38 emissions-certified engines with new engines certified to a more
39 stringent NO_x emissions standard are approvable subject to the
40 other applicable selection criteria. The state board shall determine

1 appropriate baseline emission levels for the uncontrolled engines
2 being replaced.

3 (f) For ~~heavy-duty vehicle~~ *heavy-duty-vehicle* projects, retrofit
4 and add-on equipment projects shall document a NO_x or PM
5 emission reduction of at least 25 percent and no increase in other
6 covered emissions compared to the applicable baseline emissions
7 accepted by the state board for that engine year and application.
8 The state board shall determine appropriate baseline emission
9 levels. Acceptable documentation shall be defined by the state
10 board. After study of available emission reduction technologies
11 and after public notice and comment, the state board may revise
12 the minimum percentage emission reduction criterion for retrofits
13 and add-on equipment provided for in this section to improve the
14 ability of the program to achieve its goals.

15 (g) (1) For ~~heavy-duty vehicle~~ *heavy-duty-vehicle* projects
16 involving the purchase of new very low or zero-emission vehicles,
17 engines shall be certified to an optional low NO_x emissions
18 standard established by the state board, except as provided for in
19 paragraph (2).

20 (2) For ~~heavy-duty vehicle~~ *heavy-duty-vehicle* projects involving
21 the purchase of new very low or zero-emission covered vehicles
22 for which no optional low NO_x emission standards are available,
23 documentation shall be provided showing that the ~~low-~~ *low* or
24 zero-emission engine emits not more than 70 percent of the NO_x
25 or NO_x plus hydrocarbon emissions of a new engine certified to
26 the applicable baseline NO_x or NO_x plus hydrocarbon emission
27 standard for that engine and meets applicable particulate standards.
28 The state board shall specify the documentation required. If no
29 baseline emission standard exists for new vehicles in a particular
30 category, the state board shall determine an appropriate baseline
31 emission level for comparison.

32 (h) For projects other than ~~heavy-duty vehicle~~
33 *heavy-duty-vehicle* projects, the state board shall determine
34 appropriate criteria under the provisions of Section 44287.

35 (i) 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.

1 ~~SEC. 18.~~

2 *SEC. 21.* Section 44282 of the Health and Safety Code, as
3 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
4 amended to read:

5 44282. The following criteria apply to all projects to be funded
6 through the program except for projects funded through the
7 ~~Advanced Technology Account and the Infrastructure~~
8 ~~Demonstration Program:~~ *infrastructure demonstration program:*

9 (a) Except for projects involving marine vessels, 75 percent or
10 more of vehicle miles traveled or hours of operation shall be
11 projected to be in California for at least five years following the
12 grant award. Projects involving marine vessels and engines shall
13 be limited to those that spend enough time operating in California
14 air basins over the lifetime of the project to meet the
15 cost-effectiveness criteria based on NO_x reductions in California,
16 as provided in Section 44283.

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

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

23 (d) Retrofit technologies, new engines, and new vehicles shall
24 be certified for sale or under experimental permit for operation in
25 California.

26 (e) Repower projects that replace older, uncontrolled engines
27 with new, emissions-certified engines or that replace
28 emissions-certified engines with new engines certified to a more
29 stringent NO_x emissions standard are approvable subject to the
30 other applicable selection criteria. The state board shall determine
31 appropriate baseline emission levels for the uncontrolled engines
32 being replaced.

33 (f) Retrofit and add-on equipment projects shall document a
34 NO_x emission reduction of at least 25 percent and no increase in
35 particulate emissions compared to the applicable baseline emissions
36 accepted by the state board for that engine year and application.
37 The state board shall determine appropriate baseline emission
38 levels. Acceptable documentation shall be defined by the state
39 board. After study of available emission reduction technologies
40 and after public notice and comment, the state board may revise

1 the minimum percentage NO_x reduction criterion for retrofits and
2 add-on equipment provided for in this section to improve the ability
3 of the program to achieve its goals.

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

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

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

20 ~~SEC. 19:~~

21 *SEC. 22.* Section 44283 of the Health and Safety Code, as
22 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
23 amended to read:

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

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

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

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

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

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

35 (g) For purposes of determining any grant amount pursuant to
36 this chapter, the incremental cost of any new purchase, retrofit,
37 repower, or add-on equipment shall be reduced by the value of
38 any current financial incentive that directly reduces the project
39 price, including any tax credits or deductions, grants, or other
40 public financial assistance, not including funds described in

1 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
2 Project proponents applying for funding shall be required to state
3 in their application any other public financial assistance to the
4 project.

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

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

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

21 ~~SEC. 20.~~

22 *SEC. 23.* Section 44283 of the Health and Safety Code, as
23 amended by Section 2 of Chapter 571 of the Statutes of 2010, is
24 amended to read:

25 44283. (a) Grants shall not be made for projects with a
26 cost-effectiveness, calculated in accordance with this section, of
27 more than twelve thousand dollars (\$12,000) per ton of NO_x
28 reduced in California or a higher value that reflects state consumer
29 price index adjustments on or after January 1, 2024, as determined
30 by the state board.

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

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

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

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

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

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

1 in their application any other public financial assistance to the
 2 project.

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

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

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

17 ~~SEC. 24.~~

18 *SEC. 24.* Section 44287 of the Health and Safety Code, as
 19 amended by Section 10 of Chapter 707 of the Statutes of 2004, is
 20 amended to read:

21 44287. (a) The state board shall establish or update grant
 22 criteria and guidelines consistent with this chapter for covered
 23 vehicle projects as soon as practicable, but not later than January
 24 1, 2006. The adoption of guidelines is exempt from the rulemaking
 25 provisions of the Administrative Procedure Act, Chapter 3.5
 26 (commencing with Section 11340) of Part 1 of Division 3 of Title
 27 2 of the Government Code. The state board shall solicit input and
 28 comment from the districts during the development of the criteria
 29 and 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. The state board

1 may develop separate guidelines and criteria for the different types
2 of eligible projects described in subdivision (a) of Section 44281.

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

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

14 (d) The state board shall develop guidelines for a district to
15 follow in applying for the reservation of funds, in accordance with
16 this chapter. It is the intent of the Legislature that district
17 administration of any reserved funds be in accordance with the
18 project selection criteria specified in Sections 44281, 44282, and
19 44283 and all other provisions of this chapter. The guidelines shall
20 be established and published by the state board as soon as
21 practicable, but not later than January 1, 2006.

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

1 authority or a local government teamed with a district, may provide
2 matching funds.

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

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

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

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

28 (j) Notwithstanding any other provision of this chapter, districts
29 and the Mobile Source Air Pollution Reduction Review Committee
30 shall not use funds collected pursuant to Section 41081 or Chapter
31 7 (commencing with Section 44220), or pursuant to Section
32 9250.11 of the Vehicle Code, as matching funds to fund a project
33 with stationary or portable engines, locomotives, or marine vessels.

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

1 be redirected based on applications to the fund. Regardless of any
2 reversion of funds back to the state board, the district may continue
3 to request other reservations of funds for local administration. Each
4 reservation of funds shall be accounted for separately, and unused
5 funds from each application shall revert back to the state board as
6 specified in this subdivision.

7 (l) The state board shall specify a date each year when district
8 applications are due. If the eligible applications received in any
9 year oversubscribe the available funds, the state board shall reserve
10 funds on an allocation basis, pursuant to Section 44299.2. The
11 state board may accept a district application after the due date for
12 a period of months specified by the state board. Funds may be
13 reserved in response to those applications, in accordance with this
14 chapter, out of funds remaining after the original reservation of
15 funds for the year.

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

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

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

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

1 made available to the public 45 days before final adoption of the
2 revision and the commission shall hold at least one public meeting
3 to consider public comments before final adoption of the revision.

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

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

9 ~~SEC. 22.~~

10 *SEC. 25.* Section 44287 of the Health and Safety Code, as
11 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
12 amended to read:

13 44287. (a) The state board shall establish grant criteria and
14 guidelines consistent with this chapter for covered vehicle projects
15 as soon as practicable, but not later than January 1, 2000. The
16 adoption of guidelines is exempt from the rulemaking provisions
17 of the Administrative Procedure Act, Chapter 3.5 (commencing
18 with Section 11340) of Part 1 of Division 3 of Title 2 of the
19 Government Code. The state board shall solicit input and comment
20 from the districts during the development of the criteria and
21 guidelines and shall make every effort to develop criteria and
22 guidelines that are compatible with existing district programs that
23 are also consistent with this chapter. Guidelines shall include
24 protocols to calculate project cost-effectiveness. The grant criteria
25 and guidelines shall include safeguards to ensure that the project
26 generates surplus emissions reductions. Guidelines shall enable
27 and encourage districts to cofund projects that provide emissions
28 reductions in more than one district. The state board shall make
29 draft criteria and guidelines available to the public 45 days before
30 final adoption, and shall hold at least one public meeting to
31 consider public comments before final adoption.

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

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

4 (d) The state board shall develop guidelines for a district to
5 follow in applying for the reservation of funds, in accordance with
6 this chapter. It is the intent of the Legislature that district
7 administration of any reserved funds be in accordance with the
8 project selection criteria specified in Sections 44281, 44282, and
9 44283 and all other provisions of this chapter. The guidelines shall
10 be established and published by the state board as soon as
11 practicable, but not later than January 1, 2000.

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

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

37 (g) Notwithstanding subdivision (e), a district need not provide
38 matching funds for state board funds allocated to the district for
39 program outreach activities pursuant to paragraph (4) of subdivision
40 (a) of Section 44299.1.

1 (h) A district may include within its matching funds a reasonable
2 estimate of direct or in-kind costs for assistance in providing
3 program outreach and application evaluation. In-kind and direct
4 matching funds shall not exceed 15 percent of the total matching
5 funds offered by a district. A district may also include within its
6 matching funds any money spent on or after February 25, 1999,
7 that would have qualified as matching funds but were not
8 previously claimed as matching funds.

9 (i) A district desiring a reservation of funds shall apply to the
10 state board following the application guidelines established
11 pursuant to this section. The state board shall approve or disapprove
12 a district application not later than 60 days after receipt. Upon
13 approval of any district application, the state board shall
14 simultaneously approve a reservation of funding for that district
15 to administer. Reserved funds shall be disbursed to the district so
16 that funding of a district-approved project is not impeded.

17 (j) Notwithstanding any other provision of this chapter, districts
18 and the Mobile Source Air Pollution Reduction Review Committee
19 shall not use funds collected pursuant to Section 41081 or Chapter
20 7 (commencing with Section 44220), or pursuant to Section
21 9250.11 of the Vehicle Code, as matching funds to fund a project
22 with stationary or portable engines, locomotives, or marine vessels.

23 (k) Any funds reserved for a district pursuant to this section are
24 available to the district for a period of not more than two years
25 from the time of reservation. Funds not expended by June 30 of
26 the second calendar year following the date of the reservation shall
27 revert back to the state board as of that June 30, and shall be
28 deposited in the ~~Covered Vehicle Account established pursuant to~~
29 ~~Section 44299.~~ *fund for use by the program.* The funds may then
30 be redirected based on applications to the fund. Regardless of any
31 reversion of funds back to the state board, the district may continue
32 to request other reservations of funds for local administration. Each
33 reservation of funds shall be accounted for separately, and unused
34 funds from each application shall revert back to the state board as
35 specified in this subdivision.

36 (l) The state board shall specify a date each year when district
37 applications are due. If the eligible applications received in any
38 year oversubscribe the available funds, the state board shall reserve
39 funds on an allocation basis, pursuant to subdivision (b) of Section
40 44299.1. The state board may accept a district application after

1 the due date for a period of months specified by the state board.
2 Funds may be reserved in response to those applications, in
3 accordance with this chapter, out of funds remaining after the
4 original reservation of funds for the year.

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

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

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

23 (p) The state board, in consultation with the participating
24 districts, may propose revisions to the criteria and guidelines
25 established pursuant to subdivision (o) as necessary to improve
26 the ability of the program to achieve its goals. A revision may be
27 proposed at any time, or may be proposed in response to a finding
28 made in the annual report on the program published by the state
29 board pursuant to Section 44295. A proposed revision shall be
30 made available to the public 45 days before final adoption of the
31 revision and the commission shall hold at least one public meeting
32 to consider public comments before final adoption of the revision.

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

34 *SEC. 26. Section 44299 of the Health and Safety Code is*
35 *repealed.*

36 ~~44299. (a) The Carl Moyer Memorial Air Quality Standards~~
37 ~~Attainment Trust Fund is hereby created in the State Treasury.~~
38 ~~The Controller shall transfer any unencumbered funds appropriated~~
39 ~~to the commission or the state board for the diesel emissions~~
40 ~~reduction incentive program by Items 3360-001-0314 and~~

1 ~~3900-001-0001 of Section 2.00 of the Budget Act of 1998 (Ch.~~
 2 ~~324, Stats. 1998), and Items 3360-001-0314, 3360-001-0001,~~
 3 ~~3360-001-0465, 3900-001-0001, and 3900-001-0115 of Section~~
 4 ~~2.00 of the Budget Act of 1999 (Ch. 50, Stats. 1999), to the trust~~
 5 ~~fund. The money in the trust fund shall be available upon~~
 6 ~~appropriation by the Legislature to carry out the purposes of this~~
 7 ~~chapter.~~

8 ~~(b) To ensure that emission reductions are obtained as needed~~
 9 ~~from air pollution sources, the following accounts are hereby~~
 10 ~~created in the trust fund:~~

11 ~~(1) The Covered Vehicle Account.~~

12 ~~(2) The Advanced Technology Account.~~

13 ~~(c) Notwithstanding Sections 16475, 16475.1, and 16480.6 of~~
 14 ~~the Government Code, all of the interest earned on money in the~~
 15 ~~trust fund shall be deposited in the trust fund.~~

16 ~~SEC. 23.~~

17 ~~SEC. 27.~~ Section 44299.1 of the Health and Safety Code, as
 18 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
 19 amended to read:

20 44299.1. (a) To ensure that emission reductions are obtained
 21 as needed from pollution sources, any ~~money~~ *moneys* deposited
 22 *in the fund for use by the program* or appropriated to the ~~fund~~
 23 *program* shall be segregated and administered as follows:

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

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

39 (3) The balance shall be deposited in the ~~Covered Vehicle~~
 40 ~~Account~~ *fund* to be expended to offset added costs of new very

1 low or zero-emission vehicle technologies, and emission reducing
2 repowers, retrofits, and add-on equipment for covered vehicles
3 and engines, and other projects specified in Section 44281.

4 (b) ~~Funds in the Covered Vehicle Account~~ *Moneys in the fund*
5 shall be allocated to a district that submits an eligible application
6 to the state board pursuant to Section 44287. The state board shall
7 determine the maximum amount of annual funding from the
8 ~~Covered Vehicle Account~~ *fund for use by the program* that each
9 district may receive. This determination shall be based on the
10 population in each district as well as the relative importance of
11 obtaining covered emission reductions in each district, specifically
12 through the program.

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

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

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

26 ~~SEC. 24.~~

27 *SEC. 28.* Section 44299.1 of the Health and Safety Code, as
28 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
29 amended to read:

30 44299.1. (a) To ensure that emission reductions are obtained
31 as needed from pollution sources, any ~~money~~ *moneys* deposited
32 in *the fund for use by the program* or appropriated to the ~~fund~~
33 *program* shall be segregated and administered as follows:

34 (1) Ten percent, not to exceed two million dollars (\$2,000,000),
35 shall be allocated to the ~~Infrastructure Demonstration Project~~
36 *infrastructure demonstration project* to be used pursuant to Section
37 44284.

38 (2) Ten percent shall be deposited in the ~~Advanced Technology~~
39 *Account* *fund for use by the program* to be used to support research,
40 development, demonstration, and commercialization of advanced

1 low-emission technologies for covered sources that show promise
 2 of contributing to the goals of the program.

3 (3) Not more than 2 percent of the moneys in the fund *for use*
 4 *by the program* shall be allocated to program support and outreach
 5 costs incurred by the state board and the commission directly
 6 associated with implementing the program pursuant to this chapter.
 7 These funds shall be allocated to the state board and the
 8 commission in proportion to total program funds administered by
 9 the state board and the commission.

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

18 (5) The balance shall be deposited in the ~~Covered Vehicle~~
 19 ~~Account~~ *fund for use by the program* to be expended to offset
 20 added costs of new very low or zero-emission vehicle technologies,
 21 and emission reducing repowers, retrofits, and add-on equipment
 22 for covered vehicles and engines.

23 (b) ~~Funds in the Covered Vehicle Account~~ *Moneys in the fund*
 24 *for use by the program* shall be allocated to a district that submits
 25 an eligible application to the state board pursuant to Section 44287.
 26 The state board shall determine the maximum amount of annual
 27 funding from the ~~Covered Vehicle Account~~ *fund for use by the*
 28 *program* that each district may receive. This determination shall
 29 be based on the population in each district as well as the relative
 30 importance of obtaining NO_x reductions in each district,
 31 specifically through the program.

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

33 ~~SEC. 25.~~

34 *SEC. 29.* Section 44299.2 of the Health and Safety Code is
 35 amended to read:

36 44299.2. Funds shall be allocated to ~~local air pollution control~~
 37 ~~and air quality management~~ districts, and shall be subject to
 38 administrative terms and conditions as follows:

39 (a) Available funds shall be distributed to districts taking into
 40 consideration the population of the area, the severity of the air

1 quality problems experienced by the population, and the historical
2 allocation of the ~~Carl Moyer Memorial Air Quality Standards~~
3 ~~Attainment Trust Fund~~, *program funds*, except that the south coast
4 district shall be allocated a percentage of the total funds available
5 to districts that is proportional to the percentage of the total state
6 population residing within the jurisdictional boundaries of that
7 district. For the purposes of this subdivision, population shall be
8 determined by the state board based on the most recent data
9 provided by the Department of Finance. The allocation to the south
10 coast district shall be subtracted from the total funds available to
11 districts. Each district, except the south coast district, shall be
12 awarded a minimum allocation of two hundred thousand dollars
13 (\$200,000), and the remainder, which shall be known as the
14 “allocation amount,” shall be allocated to all districts as follows:

15 (1) The state board shall distribute 35 percent of the allocation
16 amount to the districts in proportion to the percentage of the total
17 residual state population that resides within each district’s
18 boundaries. For purposes of this paragraph, “total residual state
19 population” means the total state population, less the total
20 population that resides within the south coast district.

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

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

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

32 (ii) A district that is designated nonattainment for the federal
33 eight-hour ozone standard shall be awarded severity points based
34 on classification. Two points shall be awarded for transitional,
35 basic, or marginal classifications, three points for moderate
36 classification, four points for serious classification, five points for
37 severe classification, six points for severe-17 classification, and
38 seven points for extreme classification.

39 (B) Each district shall be awarded severity points based on the
40 annual diesel particulate emissions in the air basin, as determined

1 by the state board. One point shall be awarded to the district, in
2 increments, for each 1,000 tons of diesel particulate emissions. In
3 making this determination, 0 to 999 tons shall be awarded no
4 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to
5 2,999 tons shall be awarded two points, and so forth. If a district
6 encompasses more than one air basin, the air basin with the greatest
7 diesel particulate emissions shall be used to determine the points
8 awarded to the district. The San Diego County Air Pollution
9 Control District and the Imperial County Air Pollution Control
10 District shall be awarded one additional point each to account for
11 annual diesel particulate emissions transported from Mexico.

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

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

21 (3) The state board shall distribute 30 percent of the allocation
22 amount to the districts in proportion to the allocation of funds from
23 ~~the Carl Moyer Memorial Air Quality Standards Attainment Trust~~
24 ~~Fund~~, *program moneys in the fund*, as follows:

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

33 (B) Each district with a population that is greater than or equal
34 to 1 percent of the state's population shall receive an additional
35 allocation based on the population of the district and the district's
36 relative share of emission reduction commitments in the ~~State~~
37 ~~Implementation Plan~~ *state implementation plan* to attain the
38 National Ambient Air Quality Standard for ozone averaged over
39 one hour. This additional allocation shall be calculated as a
40 percentage share of the directed funds for each district, derived

1 using a ratio of each district's share amount to the base amount,
2 which shall be calculated as follows:

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

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

10 (iii) The percentage share shall be calculated for each district
11 by dividing the district's share amount by the base amount, and
12 multiplying the result by the total directed funds available under
13 this subparagraph.

14 (b) Funds shall be distributed as expeditiously as reasonably
15 practicable, and a report of the distribution shall be made available
16 to the public.

17 (c) All funds allocated pursuant to this section shall be expended
18 as provided in the guidelines adopted pursuant to Section 44287
19 within two years from the date of allocation. Funds not expended
20 within the two years shall be returned to the ~~Covered Vehicle~~
21 ~~Account~~ *program moneys in the fund* within 60 days and shall be
22 subject to further allocation as follows:

23 (1) Within 30 days of the deadline to return funds, the state
24 board shall notify the districts of the total amount of returned funds
25 available for reallocation, and shall list those districts that request
26 supplemental funds from the reallocation and that are able to
27 expend those funds within one year.

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

31 (3) All supplemental funds distributed under this subdivision
32 shall be expended consistent with the ~~Carl Moyer Air Quality~~
33 ~~Standards Attainment Program~~ *program* within one year of the
34 date of supplemental allocation. Funds not expended within one
35 year shall be returned to the ~~Covered Vehicle Account~~ *program*
36 *moneys in the fund* and shall be distributed at the discretion of the
37 state board to districts, taking into consideration each district's
38 ability to expeditiously utilize the remaining funds consistent with
39 the ~~Carl Moyer Air Quality Standards Attainment Program~~
40 *program*.

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

4 ~~SEC. 26.~~

5 *SEC. 30.* Section 42885 of the Public Resources Code, as
6 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
7 amended to read:

8 42885. (a) For purposes of this section, “California tire fee”
9 means the fee imposed pursuant to this section.

10 (b) (1) A person who purchases a new tire, as defined in
11 subdivision (g), shall pay a California tire fee of one dollar and
12 seventy-five cents (\$1.75) per tire.

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

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

24 (c) The department, or its agent authorized pursuant to Section
25 42882, shall be reimbursed for its costs of collection, auditing, and
26 making refunds associated with the California Tire Recycling
27 Management Fund, but not to exceed 3 percent of the total annual
28 revenue deposited in the fund.

29 (d) The California tire fee imposed pursuant to subdivision (b)
30 shall be separately stated by the retail seller on the invoice given
31 to the customer at the time of sale. Any other disposal or
32 transaction fee charged by the retail seller related to the tire
33 purchase shall be identified separately from the California tire fee.

34 (e) A person or business who knowingly, or with reckless
35 disregard, makes a false statement or representation in a document
36 used to comply with this section is liable for a civil penalty for
37 each violation or, for continuing violations, for each day that the
38 violation continues. Liability under this section may be imposed
39 in a civil action and shall not exceed twenty-five thousand dollars
40 (\$25,000) for each violation.

1 (f) In addition to the civil penalty that may be imposed pursuant
2 to subdivision (e), the department may impose an administrative
3 penalty in an amount not to exceed five thousand dollars (\$5,000)
4 for each violation of a separate provision or, for continuing
5 violations, for each day that the violation continues, on a person
6 who intentionally or negligently violates a permit, rule, regulation,
7 standard, or requirement issued or adopted pursuant to this chapter.
8 The department shall adopt regulations that specify the amount of
9 the administrative penalty and the procedure for imposing an
10 administrative penalty pursuant to this subdivision.

11 (g) For purposes of this section, “new tire” means a pneumatic
12 or solid tire intended for use with ~~on-road~~ *onroad* or off-road motor
13 vehicles, motorized equipment, construction equipment, or farm
14 equipment that is sold separately from the motorized equipment,
15 or a new tire sold with a new or used motor vehicle, as defined in
16 Section 42803.5, including the spare tire, construction equipment,
17 or farm equipment. “New tire” does not include retreaded, reused,
18 or recycled tires.

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

21 (1) A self-propelled wheelchair.

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

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

28 (i) 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. 27.~~

32 *SEC. 31.* Section 42885 of the Public Resources Code, as added
33 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
34 to read:

35 42885. (a) For purposes of this section, “California tire fee”
36 means the fee imposed pursuant to this section.

37 (b) (1) Every person who purchases a new tire, as defined in
38 subdivision (g), shall pay a California tire fee of seventy-five cents
39 (\$0.75) per tire.

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

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

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

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

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

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

38 (g) For purposes of this section, “new tire” means a pneumatic
39 or solid tire intended for use with ~~on-road~~ *onroad* or off-road motor
40 vehicles, motorized equipment, construction equipment, or farm

1 equipment that is sold separately from the motorized equipment,
2 or a new tire sold with a new or used motor vehicle, as defined in
3 Section 42803.5, including the spare tire, construction equipment,
4 or farm equipment. “New tire” does not include retreaded, reused,
5 or recycled tires.

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

8 (1) Any self-propelled wheelchair.

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

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

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

16 ~~SEC. 28.~~

17 *SEC. 32.* Section 42889 of the Public Resources Code, as
18 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
19 amended to read:

20 42889. (a) Of the moneys collected pursuant to Section 42885,
21 an amount equal to seventy-five cents (\$0.75) per tire on which
22 the fee is imposed shall be transferred by the State Board of
23 Equalization to the Air Pollution Control Fund. The state board
24 shall expend those moneys, or allocate those moneys to the districts
25 for expenditure, to fund programs and projects that mitigate or
26 remediate air pollution caused by tires in the state, to the extent
27 that the state board or the applicable district determines that the
28 program or project remediates air pollution harms created by tires
29 upon which the fee described in Section 42885 is imposed.

30 (b) The remaining moneys collected pursuant to Section 42885
31 shall be used to fund the waste tire program, and shall be
32 appropriated to the department in the annual Budget Act in a
33 manner consistent with the five-year plan adopted and updated by
34 the department. These moneys shall be expended for the payment
35 of refunds under this chapter and for the following purposes:

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

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

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

7 (4) To pay the costs associated with the development and
8 enforcement of regulations relating to the storage of waste tires
9 and used tires. The department shall consider designating a city,
10 county, or city and county as the enforcement authority of
11 regulations relating to the storage of waste tires and used tires, as
12 provided in subdivision (c) of Section 42850, and regulations
13 relating to the hauling of waste and used tires, as provided in
14 subdivision (b) of Section 42963. If the department designates a
15 local entity for that purpose, the department shall provide sufficient,
16 stable, and noncompetitive funding to that entity for that purpose,
17 based on available resources, as provided in the five-year plan
18 adopted and updated as provided in subdivision (a) of Section
19 42885.5. The department may consider and create, as appropriate,
20 financial incentives for citizens who report the illegal hauling or
21 disposal of waste tires as a means of enhancing local and statewide
22 waste tire and used tire enforcement programs.

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

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

32 (7) To assist in developing markets and new technologies for
33 used tires and waste tires. The department's expenditure of funds
34 for purposes of this subdivision shall reflect the priorities for waste
35 management practices specified in subdivision (a) of Section
36 40051.

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

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

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

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

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

13 ~~SEC. 29.~~

14 *SEC. 33.* Section 42889 of the Public Resources Code, as
15 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
16 amended to read:

17 42889. Funding for the waste tire program shall be appropriated
18 to the department in the annual Budget Act. The moneys in the
19 fund shall be expended for the payment of refunds under this
20 chapter and for the following purposes:

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

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

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

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

1 based on available resources, as provided in the five-year plan
2 adopted and updated as provided in subdivision (a) of Section
3 42885.5. The department may consider and create, as appropriate,
4 financial incentives for citizens who report the illegal hauling or
5 disposal of waste tires as a means of enhancing local and statewide
6 waste tire and used tire enforcement programs.

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

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

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

17 ~~SEC. 30.~~

18 *SEC. 34.* Section 9250.1 of the Vehicle Code is amended to
19 read:

20 9250.1. (a) Beginning July 1, 2008, the fee described in Section
21 9250 shall be increased by three dollars (\$3).

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

28 (c) 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. 31.~~

32 *SEC. 35.* Section 9250.2 of the Vehicle Code, as amended by
33 Section 15 of Chapter 707 of the Statutes of 2004, is amended to
34 read:

35 9250.2. (a) The department, if requested by the Sacramento
36 Metropolitan Air Quality Management District pursuant to Section
37 41081 of the Health and Safety Code, shall impose and collect a
38 surcharge on the registration fees for every motor vehicle registered
39 in that district, not to exceed the amount of six dollars (\$6), as
40 specified by the governing body of that district.

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

4 ~~SEC. 32.~~

5 *SEC. 36.* Section 9250.2 of the Vehicle Code, as added by
6 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended
7 to read:

8 9250.2. (a) The department, if requested by the Sacramento
9 Metropolitan Air Quality Management District pursuant to Section
10 41081 of the Health and Safety Code, shall impose and collect a
11 surcharge on the registration fees for every motor vehicle registered
12 in that district, not to exceed four dollars (\$4).

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

14 ~~SEC. 33.~~

15 *SEC. 37.* Section 9261.1 of the Vehicle Code is amended to
16 read:

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

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

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

29 ~~SEC. 34.~~

30 *SEC. 38.* Section 9853.6 of the Vehicle Code is amended to
31 read:

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

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

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

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

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

12 ~~SEC. 35.~~

13 *SEC. 39.* This act is an urgency statute necessary for the
14 immediate preservation of the public peace, health, or safety within
15 the meaning of Article IV of the Constitution and shall go into
16 immediate effect. The facts constituting the necessity are:

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