

AMENDED IN ASSEMBLY SEPTEMBER 6, 2013

AMENDED IN ASSEMBLY SEPTEMBER 3, 2013

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 15, 2013

AMENDED IN SENATE APRIL 18, 2013

SENATE BILL

No. 11

Introduced by Senators Pavley and Cannella
(Principal coauthor: Senator Hill)
(Principal coauthor: Assembly Member Perea)
(Coauthor: Senator Jackson)
(Coauthor: Assembly Member Perea)

December 3, 2012

An act to amend Sections ~~41081, 44060.5, 44225, 44229, 44270.3, 44125, 44271, 44272, 44273, 44274, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2~~ of, ~~to add and repeal Section 43018.9 of,~~ 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

SB 11, as amended, Pavley. 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, 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 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 supplier, as defined, to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen-fueling station. The bill would require the board to aggregate and make available to the public, no later than June 30, 2014, and every year thereafter until January 1, 2024, the number of hydrogen-fueled vehicles that motor vehicle manufacturers project to be sold or leased over the next 3 years, as reported to the state board, and the number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles through April 30. The bill, until January 1, 2024, would require the commission to allocate \$20 million annually, as specified, until there are at least 100 publicly available hydrogen-fueling stations in California. The bill, on or before December 31, 2015, and annually thereafter until January 1, 2024, would require the commission and the board to jointly review and report on the progress toward establishing a hydrogen-fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission, until January 1,~~

~~2024, 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, 2014, would require the state board, in consultation with air pollution control and air quality management districts, to 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 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.~~

(1) Existing law creates the enhanced fleet modernization program, administered by the Bureau of Automotive Repair in the Department of Consumer Affairs, to provide compensation for the retirement of passenger vehicles, and light-duty and medium-duty trucks that are high polluters. Existing law provides that under this program compensation for retired vehicles for a low-income motor vehicle owner, as defined, is \$1,500, and for all other motor vehicle owners, it is \$1,000. Existing law authorizes this compensation to be increased by the department based on various factors, including the emissions benefits of the vehicle's retirement.

This bill would require the state board, in consultation with the bureau and no later than June 30, 2015, to update the guidelines for the enhanced fleet modernization program to include specified elements and to study and consider specified elements. The bill, in addition, would establish compensation for replacement vehicles for low-income vehicle owners at not less than \$2,500 and would make this compensation available to an owner in addition to the compensation for a retired vehicle. The bill also would instead authorize an increase in the compensation under these programs for either retired or replacement vehicles only for low-income motor vehicle owners as necessary to balance maximizing air quality benefits of the program while ensuring participation by low-income motor vehicle owners, as specified.

(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.

(3) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment 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.

~~(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 the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.~~

~~(5) Existing law authorizes each air district that has been designated a state 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 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 the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.~~

~~(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 be deposited in the Air Pollution Control 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 set the tire fee 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)~~

~~(4) 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.~~

~~(5) This bill would make its provisions contingent on the enactment of AB 8 of the 2013–14 Regular Session.~~

~~(8)~~

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

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

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

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

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

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

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

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

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

32 (2) The revenues resulting from the next two dollars (\$2) of
 33 each surcharge shall be used to implement the following programs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 ~~43018.9. (a) For purposes of this section, the following terms~~
12 ~~have the following meanings:~~

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

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

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

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

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

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

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

37 ~~(1) Evaluate the need for additional publicly available~~
38 ~~hydrogen-fueling stations for the subsequent three years in terms~~
39 ~~of quantity of fuel needed for the actual and projected number of~~

1 hydrogen-fueled vehicles, geographic areas where fuel will be
2 needed, and station coverage.

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

8 (e) (1) The commission shall allocate twenty million dollars
9 (\$20,000,000) annually to fund the number of stations identified
10 pursuant to subdivision (d), not to exceed 20 percent of the moneys
11 appropriated by the Legislature from the Alternative and
12 Renewable Fuel and Vehicle Technology Fund, established
13 pursuant to Section 44273, until there are at least 100 publicly
14 available hydrogen-fueling stations in operation in California.

15 (2) If the commission, in consultation with the state board,
16 determines that the full amount identified in paragraph (1) is not
17 needed to fund the number of stations identified by the state board
18 pursuant to subdivision (d), the commission may allocate any
19 remaining moneys to other projects, subject to the requirements
20 of the Alternative and Renewable Fuel and Vehicle Technology
21 Program pursuant to Article 2 (commencing with Section 44272)
22 of Chapter 8.9.

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

28 (4) The commission, in consultation with the state board, shall
29 award moneys allocated in paragraph (1) based on best available
30 data, including information made available pursuant to subdivision
31 (d), and input from relevant stakeholders, including motor vehicle
32 manufacturers that have planned deployments of hydrogen-fueled
33 vehicles, according to a strategy that supports the deployment of
34 an effective and efficient hydrogen-fueling station network in a
35 way that maximizes benefits to the public while minimizing costs
36 to the state.

37 (5) Notwithstanding paragraph (1), once the commission
38 determines, in consultation with the state board, that the private
39 sector is establishing publicly available hydrogen-fueling stations

1 without the need for government support, the commission may
2 cease providing funding for those stations.

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

22 ~~(f) To assist in the implementation of this section and maximize~~
23 ~~the ability to deploy fueling infrastructure as rapidly as possible~~
24 ~~with the assistance of private capital, the commission may design~~
25 ~~grants, loan incentive programs, revolving loan programs, and~~
26 ~~other forms of financial assistance. The commission also may enter~~
27 ~~into an agreement with the Treasurer to provide financial assistance~~
28 ~~to further the purposes of this section.~~

29 ~~(g) Funds appropriated to the commission for the purposes of~~
30 ~~this section shall be available for encumbrance by the commission~~
31 ~~for up to four years from the date of the appropriation and for~~
32 ~~liquidation up to four years after expiration of the deadline to~~
33 ~~encumber.~~

34 ~~(h) Notwithstanding any other law, the state board, in~~
35 ~~consultation with districts, no later than July 1, 2014, shall convene~~
36 ~~working groups to evaluate the policies and goals contained within~~
37 ~~the Carl Moyer Memorial Air Quality Standards Attainment~~
38 ~~Program, pursuant to Section 44280, and Assembly Bill 923~~
39 ~~(Chapter 707 of the Statutes of 2004).~~

1 ~~(i) 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. 4.~~

5 *SECTION 1.* Section 44060.5 of the Health and Safety Code
6 is amended to read:

7 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
8 described in subdivision (d) of Section 44060 shall be increased
9 by eight dollars (\$8).

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

12 (1) The revenues generated by four dollars (\$4) shall be
13 deposited in the Air Quality Improvement Fund created by Section
14 44274.5.

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

18 (c) 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. 5. Section 44225 of the Health and Safety Code, as~~
22 ~~amended by Section 3 of Chapter 707 of the Statutes of 2004, is~~
23 ~~amended to read:~~

24 ~~44225. A district may increase the fee established under Section~~
25 ~~44223 to up to six dollars (\$6). A district may increase the fee only~~
26 ~~if the following conditions are met:~~

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

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

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

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. 6. ~~Section 44225 of the Health and Safety Code, as added~~
5 ~~by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended~~
6 ~~to read:~~

7 44225. ~~A district may increase the fee established under Section~~
8 ~~44223 to up to four dollars (\$4). A district may increase the fee~~
9 ~~only if the following conditions are met:~~

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

17 ~~(b) In districts with nonelected officials on their governing~~
18 ~~boards, the resolution shall be adopted and approved by both a~~
19 ~~majority of the governing board and a majority of the board~~
20 ~~members who are elected officials.~~

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

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

25 SEC. 7. ~~Section 44229 of the Health and Safety Code, as~~
26 ~~amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is~~
27 ~~amended to read:~~

28 44229. ~~(a) After deducting all administrative costs it incurs~~
29 ~~through collection of fees pursuant to Section 44227, the~~
30 ~~Department of Motor Vehicles shall distribute the revenues to~~
31 ~~districts, which shall use the revenues resulting from the first four~~
32 ~~dollars (\$4) of each fee imposed to reduce air pollution from motor~~
33 ~~vehicles and to carry out related planning, monitoring, enforcement,~~
34 ~~and technical studies necessary for implementation of the California~~
35 ~~Clean Air Act of 1988. Fees collected by the Department of Motor~~
36 ~~Vehicles pursuant to this chapter shall be distributed to districts~~
37 ~~based upon the amount of fees collected from motor vehicles~~
38 ~~registered within each district.~~

39 ~~(b) Notwithstanding Sections 44241 and 44243, a district shall~~
40 ~~use the revenues resulting from the next two dollars (\$2) of each~~

1 fee imposed pursuant to Section 44227 to implement the following
2 programs that the district determines remediate air pollution harms
3 created by motor vehicles on which the surcharge is imposed:

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

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

18 (3) ~~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 (4) ~~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 (5) ~~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 (6) ~~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) ~~The Department of Motor Vehicles may annually expend~~
35 ~~not more than 1 percent of the fees collected pursuant to Section~~
36 ~~44227 on administrative costs.~~

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

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

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

14 SEC. 8. ~~Section 44229 of the Health and Safety Code, as added~~
15 ~~by Section 4.5 of Chapter 707 of the Statutes of 2004, is amended~~
16 ~~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 fees to reduce air pollution from motor~~
21 ~~vehicles and to carry out related planning, monitoring, enforcement,~~
22 ~~and technical studies necessary for implementation of the California~~
23 ~~Clean Air Act of 1988. Fees collected by the Department of Motor~~
24 ~~Vehicles pursuant to this chapter shall be distributed to districts~~
25 ~~based upon the amount of fees collected from motor vehicles~~
26 ~~registered within each district.~~

27 (b) ~~The Department of Motor Vehicles may annually expend~~
28 ~~not more than the following percentages of the fees collected~~
29 ~~pursuant to Section 44227 on administrative costs:~~

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

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

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

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

1 ~~SEC. 9. Section 44270.3 of the Health and Safety Code is~~
2 ~~amended to read:~~

3 ~~44270.3. For the purposes of this chapter, the following terms~~
4 ~~have the following meanings:~~

5 ~~(a) “Benefit-cost score,” for the Alternative and Renewable Fuel~~
6 ~~and Vehicle Technology Program created pursuant to Section~~
7 ~~44272, means a project’s expected or potential greenhouse gas~~
8 ~~emissions reduction per dollar awarded by the commission to the~~
9 ~~project from the Alternative and Renewable Fuel and Vehicle~~
10 ~~Technology Fund.~~

11 ~~(b) “Commission” means the State Energy Resources~~
12 ~~Conservation and Development Commission.~~

13 ~~(c) “Full fuel-cycle assessment” or “life-cycle assessment”~~
14 ~~means evaluating and comparing the full environmental and health~~
15 ~~impacts of each step in the life cycle of a fuel, including, but not~~
16 ~~limited to, all of the following:~~

17 ~~(1) Feedstock production, extraction, cultivation, transport, and~~
18 ~~storage, and the transportation and use of water and changes in~~
19 ~~land use and land cover therein.~~

20 ~~(2) Fuel production, manufacture, distribution, marketing,~~
21 ~~transport, and storage, and the transportation and use of water~~
22 ~~therein.~~

23 ~~(3) Vehicle operation, including refueling, combustion,~~
24 ~~conversion, permeation, and evaporation.~~

25 ~~(d) “Vehicle technology” means any vehicle, boat, off-road~~
26 ~~equipment, or locomotive, or component thereof, including its~~
27 ~~engine, propulsion system, transmission, or construction materials.~~

28 ~~(e) For purposes of the Air Quality Improvement Program~~
29 ~~created pursuant to Section 44274, the following terms have the~~
30 ~~following meanings:~~

31 ~~(1) “Benefit-cost score” means the reasonably expected or~~
32 ~~potential criteria pollutant emission reductions achieved per dollar~~
33 ~~awarded by the board for the project.~~

34 ~~(2) “Project” means a category of investments identified for~~
35 ~~potential funding by the board, including, but not limited to,~~
36 ~~competitive grants, revolving loans, loan guarantees, loans,~~
37 ~~vouchers, rebates, and other appropriate funding measures for~~
38 ~~specific vehicles, equipment, technologies, or initiatives authorized~~
39 ~~by Section 44274.~~

1 SEC. 2. Section 44125 of the Health and Safety Code is
2 amended to read:

3 44125. (a) No later than July 1, 2009, the state board, in
4 consultation with the ~~Bureau of Automotive Repair (BAR)~~ bureau,
5 shall adopt a program to commence on January 1, 2010, that allows
6 for the voluntary retirement of passenger vehicles and light-duty
7 and medium-duty trucks that are high polluters. The program shall
8 be administered by the ~~BAR~~ bureau pursuant to guidelines adopted
9 by the state board.

10 (b) No later than June 30, 2015, the state board, in consultation
11 with the bureau, shall update the program established pursuant
12 to subdivision (a). The program shall continue to be administered
13 by the bureau pursuant to guidelines updated and adopted by the
14 state board.

15 ~~(b)~~

16 (c) The guidelines shall ensure all of the following:

17 (1) Vehicles retired pursuant to the program are permanently
18 removed from operation and retired at a dismantler under contract
19 with the ~~BAR~~ bureau.

20 (2) Districts retain their authority to administer vehicle
21 retirement programs otherwise authorized under law.

22 (3) The program is available for high polluting passenger
23 vehicles and light-duty and medium-duty trucks that have been
24 continuously registered in California for two years prior to
25 acceptance into the program or otherwise proven to have been
26 driven primarily in California for the last two years and have not
27 been registered in another state or country in the last two years.
28 *The guidelines may require a vehicle to take, complete, or pass a*
29 *smog check inspection.*

30 (4) The program is focused where the greatest air quality impact
31 can be identified.

32 (5) (A) Compensation for retired vehicles shall be *at least one*
33 *thousand five hundred dollars (\$1,500)* for a low-income motor
34 *vehicle owner, as defined in Section 44062.1, and no more than*
35 *one thousand dollars (\$1,000) for all other motor vehicle owners.*
36 ~~The department may pay a motor vehicle owner more than these~~
37 ~~amounts based on factors including, but not limited to, the age of~~
38 ~~the vehicle, the emission benefits of the vehicle's retirement, the~~
39 ~~emission impact of any replacement vehicle, and the location of~~
40 ~~the vehicle in an area of the state with the poorest air quality.~~

1 (B) Compensation for replacement vehicles for low-income
2 motor vehicle owners, as defined in Section 44062.1, shall be no
3 less than two thousand five hundred dollars (\$2,500), and may be
4 in addition to compensation for vehicles retired pursuant to
5 subparagraph (A).

6 (C) Compensation for either retired or replacement vehicles
7 for low-income motor vehicle owners may be increased as
8 necessary to maximize the air quality benefits of the program while
9 also ensuring participation by low-income motor vehicle owners,
10 as defined in Section 44062.1. Increases in compensation amounts
11 may be based on factors, including, but not limited to, the age of
12 the retired or replaced vehicle, the emissions benefits of the retired
13 or replaced vehicle, the emissions impact of any replacement
14 vehicle, participation by low-income motor vehicle owners, as
15 defined in Section 44062.1, and the location of the vehicle in an
16 area of the state with the poorest air quality.

17 (6) Cost-effectiveness and impacts on disadvantaged and
18 low-income populations are considered. Program eligibility may
19 be limited on the basis of income to ensure the program adequately
20 serves persons of low or moderate income.

21 (7) Provisions that coordinate the vehicle retirement and
22 replacement components of the program with the vehicle retirement
23 component of the bureau's Consumer Assistance Program,
24 established pursuant to other provisions of this chapter, to ensure
25 vehicle owners participate in the appropriate program to maximize
26 emissions reductions.

27 (8) Streamlined administration to simplify participation while
28 protecting the accountability of moneys spent.

29 (9) Specific steps to ensure the vehicle replacement component
30 of the program is available in areas designated as federal extreme
31 nonattainment.

32 (10) A requirement that vehicles eligible for retirement have
33 sufficient remaining life. Demonstration of sufficient remaining
34 life may include proof of current registration, passing a recent
35 smog check inspection, or passing another test similar to a smog
36 check inspection.

37 (d) When updating the guidelines to the program established
38 pursuant to subdivision (a), the state board shall study and
39 consider all the following elements:

40 (1) Methods of financial assistance other than vouchers.

1 (2) *An option for automobile dealerships or other used car*
2 *sellers to accept cars for retirement, provided the cars are*
3 *dismantled consistent with the requirements of the program.*

4 (3) *An incentive structure with varied incentive amounts to*
5 *maximize program participation and cost-effective emissions*
6 *reductions.*

7 (4) *Increased emphasis on the replacement of high polluters*
8 *with cleaner vehicles or the increased use of public transit that*
9 *results in the increased utilization of the vehicle replacement*
10 *component of the program.*

11 (5) *Increased emphasis on the reduction of greenhouse gas*
12 *emissions through increased vehicle efficiency or transit use as a*
13 *result of the program.*

14 (6) *Increased partnerships and outreach with community-based*
15 *organizations.*

16 ~~SEC. 10.~~

17 *SEC. 3.* Section 44271 of the Health and Safety Code is
18 amended to read:

19 44271. (a) This chapter creates the Alternative and Renewable
20 Fuel and Vehicle Technology Program, pursuant to Section 44272,
21 to be administered by the commission, and the Air Quality
22 Improvement Program, pursuant to Section 44274, to be
23 administered by the state board. The commission and the state
24 board shall do all of the following in fulfilling their responsibilities
25 pursuant to their respective programs:

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

30 (2) Establish a competitive process for the allocation of funds
31 for projects funded pursuant to this chapter, which considers,
32 among other factors, the benefit-cost score, as defined in
33 subdivision (a) of Section 44270.3, associated with a project for
34 the Alternative and Renewable Fuel and Vehicle Technology
35 Program or, as defined in paragraph (1) of subdivision (e) of
36 Section 44270.3, associated with a project, as defined in paragraph
37 (2) of subdivision (e) of Section 44270.3, for the Air Quality
38 Improvement Program.

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

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

6 (5) Ensure that those revenues derived from fees imposed on
7 motor vehicles that are expended pursuant to this chapter, as
8 amended by Senate Bill 11 of the 2013–14 Regular Session of the
9 Legislature, are expended in compliance with Section 3 of Article
10 XIX of the California Constitution, as were the revenues derived
11 from fees imposed on motor vehicles pursuant to Assembly Bill
12 118 (Chapter 750 of the Statutes of 2007).

13 (b) The state board, in consultation with the commission, shall
14 develop and adopt guidelines for both the Alternative and
15 Renewable Fuel and Vehicle Technology Program and the Air
16 Quality Improvement Program to ensure that programs meet both
17 of the following requirements:

18 (1) Activities undertaken pursuant to the programs complement,
19 and do not interfere with, efforts to achieve and maintain federal
20 and state ambient air quality standards and to reduce toxic air
21 contaminant and greenhouse gas emissions.

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

26 (c) For the purposes of both of the programs created by this
27 chapter, eligible projects do not include those required to be
28 undertaken pursuant to state or federal law, district rules or
29 regulations, memoranda of understanding with a governmental
30 entity, or legally binding agreements or documents. For the
31 purposes of the Alternative and Renewable Fuel and Vehicle
32 Technology Program, the state board shall advise the commission
33 to ensure the requirements of this subdivision are met.

34 ~~(d) Any customer incentives for light-duty vehicles, including~~
35 ~~rebates, shall not be greater than compensations given to consumers~~
36 ~~pursuant to Section 44125.~~

37 ~~SEC. 11. Section 44272 of the Health and Safety Code is~~
38 ~~amended to read:~~

39 ~~44272. (a) The Alternative and Renewable Fuel and Vehicle~~
40 ~~Technology Program is hereby created. The program shall be~~

1 administered by the commission. The commission shall implement
2 the program by regulation pursuant to the requirements of Chapter
3 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
4 Title 2 of the Government Code. The program shall provide, upon
5 appropriation by the Legislature, competitive grants, revolving
6 loans, loan guarantees, loans, or other appropriate funding
7 measures, to public agencies, vehicle and technology entities,
8 businesses and projects, public-private partnerships, workforce
9 training partnerships and collaboratives, fleet owners, consumers,
10 recreational boaters, and academic institutions to develop and
11 deploy innovative technologies that transform California's fuel
12 and vehicle types to help attain the state's climate change policies.
13 The emphasis of this program shall be to develop and deploy
14 technology and alternative and renewable fuels in the marketplace,
15 without adopting any one preferred fuel or technology.

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

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

27 (2) Amendments to a contract, grant, loan, or other agreement
28 or award as long as the amendments do not increase the amount
29 of the award, change the scope of the project, or modify the purpose
30 of the agreement.

31 (c) The commission shall provide preferences to those projects
32 that maximize the goals of the Alternative and Renewable Fuel
33 and Vehicle Technology Program, based on the following criteria,
34 as applicable:

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

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

- 1 ~~(3) The project's ability to reduce criteria air pollutants and air~~
2 ~~toxics and reduce or avoid multimedia environmental impacts.~~
- 3 ~~(4) The project's ability to decrease, on a life-cycle basis, the~~
4 ~~discharge of water pollutants or any other substances known to~~
5 ~~damage human health or the environment, in comparison to the~~
6 ~~production and use of California Phase 2 Reformulated Gasoline~~
7 ~~or diesel fuel produced and sold pursuant to California diesel fuel~~
8 ~~regulations set forth in Article 2 (commencing with Section 2280)~~
9 ~~of Chapter 5 of Division 3 of Title 13 of the California Code of~~
10 ~~Regulations.~~
- 11 ~~(5) The project does not adversely impact the sustainability of~~
12 ~~the state's natural resources, especially state and federal lands.~~
- 13 ~~(6) The project provides nonstate matching funds. Costs incurred~~
14 ~~from the date a proposed award is noticed may be counted as~~
15 ~~nonstate matching funds. The commission may adopt further~~
16 ~~requirements for the purposes of this paragraph. The commission~~
17 ~~is not liable for costs incurred pursuant to this paragraph if the~~
18 ~~commission does not give final approval for the project or the~~
19 ~~proposed recipient does not meet requirements adopted by the~~
20 ~~commission pursuant to this paragraph.~~
- 21 ~~(7) The project provides economic benefits for California by~~
22 ~~promoting California-based technology firms, jobs, and businesses.~~
- 23 ~~(8) The project uses existing or proposed fueling infrastructure~~
24 ~~to maximize the outcome of the project.~~
- 25 ~~(9) The project's ability to reduce on a life-cycle assessment~~
26 ~~greenhouse gas emissions by at least 10 percent, and higher~~
27 ~~percentages in the future, from current reformulated gasoline and~~
28 ~~diesel fuel standards established by the state board.~~
- 29 ~~(10) The project's use of alternative fuel blends of at least 20~~
30 ~~percent, and higher blend ratios in the future, with a preference~~
31 ~~for projects with higher blends.~~
- 32 ~~(11) The project drives new technology advancement for~~
33 ~~vehicles, vessels, engines, and other equipment, and promotes the~~
34 ~~deployment of that technology in the marketplace.~~
- 35 ~~(d) The commission shall rank applications for projects proposed~~
36 ~~for funding awards based on solicitation criteria developed in~~
37 ~~accordance with subdivision (c), and shall give additional~~
38 ~~preference to funding those projects with higher benefit-cost scores.~~
- 39 ~~(e) Only the following shall be eligible for funding:~~

- 1 ~~(1) Alternative and renewable fuel projects to develop and~~
2 ~~improve alternative and renewable low-carbon fuels, including~~
3 ~~electricity, ethanol, dimethyl ether, renewable diesel, natural gas,~~
4 ~~hydrogen, and biomethane, among others, and their feedstocks~~
5 ~~that have high potential for long-term or short-term~~
6 ~~commercialization, including projects that lead to sustainable~~
7 ~~feedstocks.~~
- 8 ~~(2) Demonstration and deployment projects that optimize~~
9 ~~alternative and renewable fuels for existing and developing engine~~
10 ~~technologies.~~
- 11 ~~(3) Projects to produce alternative and renewable low-carbon~~
12 ~~fuels in California.~~
- 13 ~~(4) Projects to decrease the overall impact of an alternative and~~
14 ~~renewable fuel's life cycle carbon footprint and increase~~
15 ~~sustainability.~~
- 16 ~~(5) Alternative and renewable fuel infrastructure, fueling~~
17 ~~stations, and equipment. The preference in paragraph (10) of~~
18 ~~subdivision (c) shall not apply to renewable diesel or biodiesel~~
19 ~~infrastructure, fueling stations, and equipment used solely for~~
20 ~~renewable diesel or biodiesel fuel.~~
- 21 ~~(6) Projects to develop and improve light-, medium-, and~~
22 ~~heavy-duty vehicle technologies that provide for better fuel~~
23 ~~efficiency and lower greenhouse gas emissions, alternative fuel~~
24 ~~usage and storage, or emission reductions, including propulsion~~
25 ~~systems, advanced internal combustion engines with a 40 percent~~
26 ~~or better efficiency level over the current market standard,~~
27 ~~light-weight materials, intelligent transportation systems, energy~~
28 ~~storage, control systems and system integration, physical~~
29 ~~measurement and metering systems and software, development of~~
30 ~~design standards and testing and certification protocols, battery~~
31 ~~recycling and reuse, engine and fuel optimization electronic and~~
32 ~~electrified components, hybrid technology, plug-in hybrid~~
33 ~~technology, battery electric vehicle technology, fuel cell~~
34 ~~technology, and conversions of hybrid technology to plug-in~~
35 ~~technology through the installation of safety certified supplemental~~
36 ~~battery modules.~~
- 37 ~~(7) Programs and projects that accelerate the commercialization~~
38 ~~of vehicles and alternative and renewable fuels including buy-down~~
39 ~~programs through near-market and market-path deployments,~~
40 ~~advanced technology warranty or replacement insurance,~~

1 development of market niches, supply-chain development, and
2 research related to the pedestrian safety impacts of vehicle
3 technologies and alternative and renewable fuels.

4 (8) Programs and projects to retrofit medium- and heavy-duty
5 onroad and nonroad vehicle fleets with technologies that create
6 higher fuel efficiencies, including alternative and renewable fuel
7 vehicles and technologies, idle management technology, and
8 aerodynamic retrofits that decrease fuel consumption.

9 (9) Infrastructure projects that promote alternative and renewable
10 fuel infrastructure development connected with existing fleets,
11 public transit, and existing transportation corridors, including
12 physical measurement or metering equipment and truck stop
13 electrification.

14 (10) Workforce training programs related to alternative and
15 renewable fuel feedstock production and extraction, renewable
16 fuel production, distribution, transport, and storage,
17 high-performance and low-emission vehicle technology and high
18 tower electronics, automotive computer systems, mass transit fleet
19 conversion, servicing, and maintenance, and other sectors or
20 occupations related to the purposes of this chapter.

21 (11) Block grants or incentive programs administered by public
22 entities or not-for-profit technology entities for multiple projects,
23 education and program promotion within California, and
24 development of alternative and renewable fuel and vehicle
25 technology centers. The commission may adopt guidelines for
26 implementing the block grant or incentive program, which shall
27 be approved at a noticed public meeting of the commission.

28 (12) Life cycle and multimedia analyses, sustainability and
29 environmental impact evaluations, and market, financial, and
30 technology assessments performed by a state agency to determine
31 the impacts of increasing the use of low-carbon transportation fuels
32 and technologies, and to assist in the preparation of the investment
33 plan and program implementation.

34 (13) A program to provide funding for homeowners who
35 purchase a plug-in electric vehicle to offset costs associated with
36 modifying electrical sources to include a residential plug-in electric
37 vehicle charging station. In establishing this program, the
38 commission shall consider funding criteria to maximize the public
39 benefit of the program.

1 ~~(f) The commission may make a single source or sole source~~
2 ~~award pursuant to this section for applied research. The same~~
3 ~~requirements set forth in Section 25620.5 of the Public Resources~~
4 ~~Code shall apply to awards made on a single source basis or a sole~~
5 ~~source basis. This subdivision does not authorize the commission~~
6 ~~to make a single source or sole source award for a project or~~
7 ~~activity other than for applied research.~~

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

9 ~~(1) Contract with the Treasurer to expend funds through~~
10 ~~programs implemented by the Treasurer, if the expenditure is~~
11 ~~consistent with all of the requirements of this article and Article~~
12 ~~1 (commencing with Section 44270).~~

13 ~~(2) Contract with small business financial development~~
14 ~~corporations established by the Business, Transportation and~~
15 ~~Housing Agency to expend funds through the Small Business Loan~~
16 ~~Guarantee Program if the expenditure is consistent with all of the~~
17 ~~requirements of this article and Article 1 (commencing with Section~~
18 ~~44270).~~

19 ~~(3) Advance funds, pursuant to an agreement with the~~
20 ~~commission, to any of the following:~~

21 ~~(A) A public entity.~~

22 ~~(B) A recipient to enable it to make advance payments to a~~
23 ~~public entity that is a subrecipient of the funds and under a binding~~
24 ~~and enforceable subagreement with the recipient.~~

25 ~~(C) An administrator of a block grant program.~~

26 ~~SEC. 12. Section 44273 of the Health and Safety Code is~~
27 ~~amended to read:~~

28 ~~44273. (a) The Alternative and Renewable Fuel and Vehicle~~
29 ~~Technology Fund is hereby created in the State Treasury, to be~~
30 ~~administered by the commission. The moneys in the fund, upon~~
31 ~~appropriation by the Legislature, shall be expended by the~~
32 ~~commission to implement the Alternative and Renewable Fuel and~~
33 ~~Vehicle Technology Program in accordance with this chapter.~~

34 ~~(b) Notwithstanding any other provision of law, the sum of ten~~
35 ~~million dollars (\$10,000,000) shall be transferred annually from~~
36 ~~the Public Interest Research, Development, and Demonstration~~
37 ~~Fund created by Section 384 of the Public Utilities Code to the~~
38 ~~Alternative and Renewable Fuel and Vehicle Technology Fund.~~
39 ~~Prior to the award of any funds from this source, the commission~~
40 ~~shall make a determination that the proposed project will provide~~

1 benefits to electric or natural gas ratepayers based upon the
2 commission's adopted criteria.

3 (e) Beginning with the integrated energy policy report adopted
4 in 2011, and in the subsequent reports adopted thereafter, pursuant
5 to Section 25302 of the Public Resources Code, the commission
6 shall include an evaluation of research, development, and
7 deployment efforts funded by this chapter. The evaluation shall
8 include all of the following:

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

11 (2) The expected benefits of the projects in terms of air quality,
12 petroleum use reduction, greenhouse gas emissions reduction,
13 technology advancement, benefit-cost assessment, and progress
14 towards achieving these benefits.

15 (3) The overall contribution of the funded projects toward
16 promoting a transition to a diverse portfolio of clean, alternative
17 transportation fuels and reduced petroleum dependency in
18 California.

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

21 (5) Recommendations for future actions.

22 SEC. 13. Section 44274 of the Health and Safety Code is
23 amended to read:

24 44274. (a) The Air Quality Improvement Program is hereby
25 created. The program shall be administered by the state board, in
26 consultation with the districts. The state board shall develop
27 guidelines to implement the program. Prior to the adoption of the
28 guidelines, the state board shall hold at least one public hearing.
29 In addition, the state board shall hold at least three public
30 workshops with at least one workshop in northern California, one
31 in the central valley, and one in southern California. The purpose
32 of the program shall be to fund, upon appropriation by the
33 Legislature, air quality improvement projects relating to fuel and
34 vehicle technologies. The primary purpose of the program shall
35 be to fund projects to reduce criteria air pollutants, improve air
36 quality, and provide funding for research to determine and improve
37 the air quality impacts of alternative transportation fuels and
38 vehicles, vessels, and equipment technologies.

39 (b) The state board shall provide preference in awarding funding
40 to those projects with higher benefit-cost scores that maximize the

1 purposes and goals of the Air Quality Improvement Program. The
2 state board also may give additional preference based on the
3 following criteria, as applicable, in funding awards to projects:

4 (1) Proposed or potential reduction of criteria or toxic air
5 pollutants:

6 (2) Contribution to regional air quality improvement.

7 (3) Ability to promote the use of clean alternative fuels and
8 vehicle technologies as determined by the state board, in
9 coordination with the commission:

10 (4) Ability to achieve climate change benefits in addition to
11 criteria pollutant or air toxic emissions reductions:

12 (5) Ability to support market transformation of California's
13 vehicle or equipment fleet to utilize low carbon or zero-emission
14 technologies:

15 (6) Ability to leverage private capital investments.

16 (e) The program shall be limited to competitive grants, revolving
17 loans, loan guarantees, loans, and other appropriate funding
18 measures that further the purposes of the program. Projects to be
19 funded shall include only the following:

20 (1) Onroad and off-road equipment projects that are cost
21 effective:

22 (2) Projects that provide mitigation for off-road gasoline exhaust
23 and evaporative emissions:

24 (3) Projects that provide research to determine the air quality
25 impacts of alternative fuels and projects that study the life-cycle
26 impacts of alternative fuels and conventional fuels, the emissions
27 of biofuel and advanced reformulated gasoline blends, and air
28 pollution improvements and control technologies for use with
29 alternative fuels and vehicles:

30 (4) Projects that augment the University of California's
31 agricultural experiment station and cooperative extension programs
32 for research to increase sustainable biofuels production and
33 improve the collection of biomass feedstock:

34 (5) Incentives for small off-road equipment replacement to
35 encourage consumers to replace internal combustion engine lawn
36 and garden equipment:

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

39 (A) Lower emission schoolbus programs:

1 ~~(B) Electric, hybrid, and plug-in hybrid onroad and off-road~~
2 ~~medium- and heavy-duty equipment.~~

3 ~~(C) Regional air quality improvement and attainment programs~~
4 ~~implemented by the state or districts in the most impacted regions~~
5 ~~of the state.~~

6 ~~(7) Workforce training initiatives related to advanced energy~~
7 ~~technology designed to reduce air pollution, including~~
8 ~~state-of-the-art equipment and goods, and new processes and~~
9 ~~systems. Workforce training initiatives funded shall be broad-based~~
10 ~~partnerships that leverage other public and private job training~~
11 ~~programs and resources. These partnerships may include, though~~
12 ~~are not limited to, employers, labor unions, labor-management~~
13 ~~partnerships, community organizations, workforce investment~~
14 ~~boards, postsecondary education providers including community~~
15 ~~colleges, and economic development agencies.~~

16 ~~(8) Incentives to identify and reduce emissions from~~
17 ~~high-emitting light-duty vehicles.~~

18 ~~(d) (1) Beginning January 1, 2011, the state board shall submit~~
19 ~~to the Legislature a biennial report to evaluate the implementation~~
20 ~~of the Air Quality Improvement Program established pursuant to~~
21 ~~this chapter.~~

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

23 ~~(A) A list of projects funded by the Air Quality Improvement~~
24 ~~Account.~~

25 ~~(B) The expected benefits of the projects in promoting clean,~~
26 ~~alternative fuels and vehicle technologies.~~

27 ~~(C) Improvement in air quality and public health, greenhouse~~
28 ~~gas emissions reductions, and the progress made toward achieving~~
29 ~~these benefits.~~

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

32 ~~(E) Recommendations for future actions.~~

33 ~~(3) The state board may include the information required to be~~
34 ~~reported pursuant to paragraph (1) in an existing report to the~~
35 ~~Legislature as the state board deems appropriate.~~

36 ~~SEC. 14.~~

37 *SEC. 4.* Section 44275 of the Health and Safety Code, as
38 amended by Section 5 of Chapter 707 of the Statutes of 2004, is
39 amended to read:

1 44275. (a) As used in this chapter, the following terms have
2 the following meanings:

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

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

6 (3) “Commission” means the State Energy Resources
7 Conservation and Development Commission.

8 (4) “Cost-effectiveness” means dollars provided to a project
9 pursuant to subdivision (d) of Section 44283 for each ton of
10 covered emission reduction attributed to a project or to the program
11 as a whole. In calculating cost-effectiveness, one-time grants of
12 funds made at the beginning of a project shall be annualized using
13 a time value of public funds or discount rate determined for each
14 project by the state board, taking into account the interest rate on
15 bonds, interest earned by state funds, and other factors as
16 determined appropriate by the state board. Cost-effectiveness shall
17 be calculated by dividing annualized costs by average annual
18 emissions reduction. The state board, in consultation with the
19 districts and concerned members of the public, shall establish
20 appropriate cost-effective limits for oxides of nitrogen, particulate
21 matter, and reactive organic gases and a reasonable system for
22 comparing the cost-effectiveness of proposed projects as described
23 in subdivision (a) of Section 44283.

24 (5) “Covered emissions” include emissions of oxides of nitrogen,
25 particulate matter, and reactive organic gases from any covered
26 source.

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

29 (7) “Covered source” includes onroad vehicles, off-road
30 nonrecreational equipment and vehicles, locomotives, diesel marine
31 vessels, agricultural sources of air pollution, as defined in Section
32 39011.5, and, as determined by the state board, other high-emitting
33 engine categories.

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

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

38 (10) “Fund” means the Air Pollution Control Fund established
39 pursuant to Section 43015.

1 (11) “Mobile Source Air Pollution Reduction Review
2 Committee” means the Mobile Source Air Pollution Reduction
3 Review Committee created by Section 44244.

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

9 (13) “New very low emission vehicle” means a heavy-duty
10 vehicle that qualifies as a very low emission vehicle when it is a
11 new vehicle, where new vehicle has the same meaning as defined
12 in Section 430 of the Vehicle Code, or that is modified with the
13 approval and warranty of the original equipment manufacturer to
14 qualify as a very low emission vehicle within 12 months of delivery
15 to an owner for private or commercial use.

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

17 (15) “Program” means the Carl Moyer Memorial Air Quality
18 Standards Attainment Program created by subdivision (a) of
19 Section 44280.

20 (16) “Repower” means replacing an engine with a different
21 engine. The term repower, as used in this chapter, generally refers
22 to replacing an older, uncontrolled engine with a new,
23 emissions-certified engine, although replacing an older
24 emissions-certified engine with a newer engine certified to lower
25 emissions standards may be eligible for funding under this program.

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

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

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

36 ~~SEC. 15.~~

37 *SEC. 5.* Section 44275 of the Health and Safety Code, as added
38 by Section 5.5 of Chapter 707 of the Statutes of 2004, is amended
39 to read:

1 44275. (a) As used in this chapter, the following terms have
2 the following meanings:

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

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

6 (3) “Commission” means the State Energy Resources
7 Conservation and Development Commission.

8 (4) “Cost-effectiveness” means dollars provided to a project
9 pursuant to subdivision (d) of Section 44283 for each ton of NO_x
10 reduction attributed to a project or to the program as a whole. In
11 calculating cost-effectiveness, one-time grants of funds made at
12 the beginning of a project shall be annualized using a time value
13 of public funds or discount rate determined for each project by the
14 state board, taking into account the interest rate on bonds, interest
15 earned by state funds, and other factors as determined appropriate
16 by the state board. Cost-effectiveness shall be calculated by
17 dividing annualized costs by average annual emissions reduction
18 of NO_x in this state.

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

21 (6) “Covered source” includes onroad vehicles of 14,000 pounds
22 gross vehicle weight rating (GVWR) or greater, off-road
23 nonrecreational equipment and vehicles, locomotives, diesel marine
24 vessels, stationary agricultural engines, and, as determined by the
25 state board, other high-emitting diesel engine categories.

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

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

30 (9) “Fund” means the Air Pollution Control Fund established
31 pursuant to Section 43015.

32 (10) “Mobile Source Air Pollution Reduction Review
33 Committee” means the Mobile Source Air Pollution Reduction
34 Review Committee created by Section 44244.

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

1 (12) “New very low emission vehicle” means a vehicle that
2 qualifies as a very low emission vehicle when it is a new vehicle,
3 where new vehicle has the same meaning as defined in Section
4 430 of the Vehicle Code, or that is modified with the approval and
5 warranty of the original equipment manufacturer to qualify as a
6 very low emission vehicle within 12 months of delivery to an
7 owner for private or commercial use.

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

9 (14) “Program” means the Carl Moyer Memorial Air Quality
10 Standards Attainment Program created by subdivision (a) of
11 Section 44280.

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

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

21 (17) “Very low emission vehicle” means a vehicle with
22 emissions significantly lower than otherwise applicable baseline
23 emission standards or uncontrolled emission levels pursuant to
24 Section 44282.

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

26 ~~SEC. 16.~~

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

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

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

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

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

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

10 ~~SEC. 17.~~

11 *SEC. 7.* Section 44280 of the Health and Safety Code, as added
12 by Section 6.5 of Chapter 707 of the Statutes of 2004, is amended
13 to read:

14 44280. (a) There is hereby created the Carl Moyer Memorial
15 Air Quality Standards Attainment Program. The program shall be
16 administered by the state board in accordance with this chapter.
17 The administration of the program may be delegated to the districts.

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

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

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

32 ~~SEC. 18.~~

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

36 44281. (a) Eligible projects include, but are not limited to, any
37 of the following:

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

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

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

7 (4) Development and demonstration of practical, low-emission
8 retrofit technologies, repower options, and advanced technologies
9 for covered engines and vehicles with very low emissions of NO_x.

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

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

35 (c) The program may also provide funding toward installation
36 of fueling or electrification infrastructure as provided in Section
37 44284.

38 (d) Eligible applicants may be any individual, company, or
39 public agency that owns one or more covered vehicles that operate
40 primarily within California or otherwise contribute substantially

1 to the NO_x, particulate matter (PM), or reactive organic gas (ROG)
2 emissions inventory in California.

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

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

10 ~~SEC. 19.~~

11 *SEC. 9.* Section 44281 of the Health and Safety Code, as added
12 by Section 7.5 of Chapter 707 of the Statutes of 2004, is amended
13 to read:

14 44281. (a) Eligible projects are any of the following:

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

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

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

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

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

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

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

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

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

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

20 ~~SEC. 20:~~

21 *SEC. 10.* Section 44282 of the Health and Safety Code, as
22 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
23 amended to read:

24 44282. The following criteria apply to all projects to be funded
25 through the program except for projects funded through the
26 infrastructure demonstration program:

27 (a) The state board may establish project criteria, including
28 minimum project life for source categories, in the guidelines
29 described in Section 44287. For previously unregulated source
30 categories, project criteria shall consider the timing of newly
31 established regulatory requirements.

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

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

38 (d) Retrofit technologies, new engines, and new vehicles shall
39 be certified for sale or under experimental permit for operation in
40 California.

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

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

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

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

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

1 (i) 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. 21.~~

5 *SEC. 11.* Section 44282 of the Health and Safety Code, as
6 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
7 amended to read:

8 44282. The following criteria apply to all projects to be funded
9 through the program except for projects funded through the
10 infrastructure demonstration program:

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

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

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

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

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

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

1 board. After study of available emission reduction technologies
2 and after public notice and comment, the state board may revise
3 the minimum percentage NO_x reduction criterion for retrofits and
4 add-on equipment provided for in this section to improve the ability
5 of the program to achieve its goals.

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

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

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

22 ~~SEC. 22.~~

23 *SEC. 12.* Section 44283 of the Health and Safety Code, as
24 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
25 amended to read:

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

35 (b) Only covered emission reductions occurring in this state
36 shall be included in the cost-effectiveness determination. The
37 extent to which emissions generated at sea contribute to air quality
38 in California nonattainment areas shall be incorporated into these
39 methodologies based on a reasonable assessment of currently
40 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 equipment by
6 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. 23.~~

22 *SEC. 13.* 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 equipment by
4 replacing uncontrolled diesel engines with new, certified diesel
5 engines, the state board may establish maximum grant award
6 amounts per repower. A repower project shall also be subject to
7 the incremental cost maximum pursuant to subdivision (e).

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

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

17 ~~SEC. 24.~~

18 *SEC. 14.* 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 fund for use by the program. The funds may then
40 be redirected based on applications to the fund. Regardless of any

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

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

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

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

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

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

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

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

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

8 ~~SEC. 25.~~

9 *SEC. 15.* Section 44287 of the Health and Safety Code, as
10 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
11 amended to read:

12 44287. (a) The state board shall establish grant criteria and
13 guidelines consistent with this chapter for covered vehicle projects
14 as soon as practicable, but not later than January 1, 2000. The
15 adoption of guidelines is exempt from the rulemaking provisions
16 of the Administrative Procedure Act, Chapter 3.5 (commencing
17 with Section 11340) of Part 1 of Division 3 of Title 2 of the
18 Government Code. The state board shall solicit input and comment
19 from the districts during the development of the criteria and
20 guidelines and shall make every effort to develop criteria and
21 guidelines that are compatible with existing district programs that
22 are also consistent with this chapter. Guidelines shall include
23 protocols to calculate project cost-effectiveness. The grant criteria
24 and guidelines shall include safeguards to ensure that the project
25 generates surplus emissions reductions. Guidelines shall enable
26 and encourage districts to cofund projects that provide emissions
27 reductions in more than one district. The state board shall make
28 draft criteria and guidelines available to the public 45 days before
29 final adoption, and shall hold at least one public meeting to
30 consider public comments before final adoption.

31 (b) The state board, in consultation with the participating
32 districts, may propose revisions to the criteria and guidelines
33 established pursuant to subdivision (a) as necessary to improve
34 the ability of the program to achieve its goals. A proposed revision
35 shall be made available to the public 45 days before final adoption
36 of the revision and the state board shall hold at least one public
37 meeting to consider public comments before final adoption of the
38 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 fund for use by the program. The funds may then
29 be redirected based on applications to the fund. Regardless of any
30 reversion of funds back to the state board, the district may continue
31 to request other reservations of funds for local administration. Each
32 reservation of funds shall be accounted for separately, and unused
33 funds from each application shall revert back to the state board as
34 specified in this subdivision.

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

1 Funds may be reserved in response to those applications, in
2 accordance with this chapter, out of funds remaining after the
3 original reservation of funds for the year.

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

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

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

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

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

33 ~~SEC. 26.~~

34 *SEC. 16.* Section 44299 of the Health and Safety Code is
35 repealed.

36 ~~SEC. 27.~~

37 *SEC. 17.* Section 44299.1 of the Health and Safety Code, as
38 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
39 amended to read:

1 44299.1. (a) To ensure that emission reductions are obtained
2 as needed from pollution sources, any moneys deposited in the
3 fund for use by the program or appropriated to the program shall
4 be segregated and administered as follows:

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

12 (2) Not more than 2 percent of the moneys in the fund for use
13 by the program shall be allocated to direct program outreach
14 activities. The state board may use these funds for program
15 outreach contracts or may allocate outreach funds to participating
16 districts in proportion to each district's allocation from the program
17 moneys in the fund. The state board shall report on the use of
18 outreach funds in their reports to the Legislature pursuant to Section
19 44295.

20 (3) The balance shall be deposited in the fund to be expended
21 to offset added costs of new very low or zero-emission vehicle
22 technologies, and emission reducing repowers, retrofits, and add-on
23 equipment for covered vehicles and engines, and other projects
24 specified in Section 44281.

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

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

38 (d) Not more than 10 percent of the moneys allocated pursuant
39 to this chapter to a district with a population of less than one
40 million may be used by the district for indirect costs of

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

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

6 ~~SEC. 28.~~

7 *SEC. 18.* Section 44299.1 of the Health and Safety Code, as
8 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
9 amended to read:

10 44299.1. (a) To ensure that emission reductions are obtained
11 as needed from pollution sources, any moneys deposited in the
12 fund for use by the program or appropriated to the program shall
13 be segregated and administered as follows:

14 (1) Ten percent, not to exceed two million dollars (\$2,000,000),
15 shall be allocated to the infrastructure demonstration project to be
16 used pursuant to Section 44284.

17 (2) Ten percent shall be deposited in the fund for use by the
18 program to be used to support research, development,
19 demonstration, and commercialization of advanced low-emission
20 technologies for covered sources that show promise of contributing
21 to the goals of the program.

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

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

37 (5) The balance shall be deposited in the fund for use by the
38 program to be expended to offset added costs of new very low or
39 zero-emission vehicle technologies, and emission reducing

1 repowers, retrofits, and add-on equipment for covered vehicles
2 and engines.

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

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

12 ~~SEC. 29.~~

13 *SEC. 19.* Section 44299.2 of the Health and Safety Code is
14 amended to read:

15 44299.2. Funds shall be allocated to districts, and shall be
16 subject to administrative terms and conditions as follows:

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

32 (1) The state board shall distribute 35 percent of the allocation
33 amount to the districts in proportion to the percentage of the total
34 residual state population that resides within each district’s
35 boundaries. For purposes of this paragraph, “total residual state
36 population” means the total state population, less the total
37 population that resides within the south coast district.

38 (2) The state board shall distribute 35 percent of the allocation
39 amount to the districts in proportion to the severity of the air quality

1 problems to which each district's population is exposed. The
2 severity of the exposure shall be calculated as follows:

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

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

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

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

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

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

1 (3) The state board shall distribute 30 percent of the allocation
2 amount to the districts in proportion to the allocation of funds from
3 the program moneys in the fund, as follows:

4 (A) Because each district is awarded a minimum allocation
5 pursuant to subdivision (a), there shall be no additional minimum
6 allocation from the program historical allocation funds. The total
7 amount allocated in this way shall be subtracted from total funding
8 previously awarded to the district under the program, and the
9 remainder, which shall be known as directed funds, shall be
10 allocated pursuant to subparagraph (B).

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

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

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

27 (iii) The percentage share shall be calculated for each district
28 by dividing the district's share amount by the base amount, and
29 multiplying the result by the total directed funds available under
30 this subparagraph.

31 (b) Funds shall be distributed as expeditiously as reasonably
32 practicable, and a report of the distribution shall be made available
33 to the public.

34 (c) All funds allocated pursuant to this section shall be expended
35 as provided in the guidelines adopted pursuant to Section 44287
36 within two years from the date of allocation. Funds not expended
37 within the two years shall be returned to the program moneys in
38 the fund within 60 days and shall be subject to further allocation
39 as follows:

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

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

9 (3) All supplemental funds distributed under this subdivision
10 shall be expended consistent with the program within one year of
11 the date of supplemental allocation. Funds not expended within
12 one year shall be returned to the program moneys in the fund and
13 shall be distributed at the discretion of the state board to districts,
14 taking into consideration each district's ability to expeditiously
15 utilize the remaining funds consistent with the program.

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

19 ~~SEC. 30. Section 42885 of the Public Resources Code, as~~
20 ~~amended by Section 55 of Chapter 77 of the Statutes of 2006, is~~
21 ~~amended to read:~~

22 ~~42885. (a) For purposes of this section, "California tire fee"~~
23 ~~means the fee imposed pursuant to this section.~~

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

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

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

38 ~~(e) The department, or its agent authorized pursuant to Section~~
39 ~~42882, shall be reimbursed for its costs of collection, auditing, and~~
40 ~~making refunds associated with the California Tire Recycling~~

1 Management Fund, but not to exceed 3 percent of the total annual
2 revenue deposited in the fund.

3 ~~(d) The California tire fee imposed pursuant to subdivision (b)~~
4 ~~shall be separately stated by the retail seller on the invoice given~~
5 ~~to the customer at the time of sale. Any other disposal or~~
6 ~~transaction fee charged by the retail seller related to the tire~~
7 ~~purchase shall be identified separately from the California tire fee.~~

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

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

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

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

35 ~~(1) A self-propelled wheelchair.~~

36 ~~(2) A motorized tricycle or motorized quadricycle, as defined~~
37 ~~in Section 407 of the Vehicle Code.~~

38 ~~(3) A vehicle that is similar to a motorized tricycle or motorized~~
39 ~~quadricycle and is designed to be operated by a person who, by~~

1 reason of the person's physical disability, is otherwise unable to
2 move about as a pedestrian.

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

6 SEC. 31. Section 42885 of the Public Resources Code, as added
7 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
8 to read:

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

11 (b) (1) Every person who purchases a new tire, as defined in
12 subdivision (g), shall pay a California tire fee of seventy-five cents
13 (\$.75) per tire.

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

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

24 (e) 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) Any person or business who knowingly, or with reckless
35 disregard, makes any false statement or representation in any
36 document used to comply with this section is liable for a civil
37 penalty for each violation or, for continuing violations, for each
38 day that the violation continues. Liability under this section may
39 be imposed in a civil action and shall not exceed twenty-five
40 thousand dollars (\$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 any person
6 who intentionally or negligently violates any permit, rule,
7 regulation, standard, or requirement issued or adopted pursuant to
8 this chapter. The department shall adopt regulations that specify
9 the amount of the administrative penalty and the procedure for
10 imposing an 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 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 may not be imposed on any tire sold
20 with, or sold separately for use on, any of the following:

21 (1) Any self-propelled wheelchair.

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

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

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

29 SEC. 32. Section 42889 of the Public Resources Code, as
30 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
31 amended to read:

32 42889. (a) Of the moneys collected pursuant to Section 42885,
33 an amount equal to seventy-five cents (\$0.75) per tire on which
34 the fee is imposed shall be transferred by the State Board of
35 Equalization to the Air Pollution Control Fund. The state board
36 shall expend those moneys, or allocate those moneys to the districts
37 for expenditure, to fund programs and projects that mitigate or
38 remediate air pollution caused by tires in the state, to the extent
39 that the state board or the applicable district determines that the

1 program or project remediates air pollution harms created by tires
2 upon which the fee described in Section 42885 is imposed.

3 ~~(b) The remaining moneys collected pursuant to Section 42885~~
4 ~~shall be used to fund the waste tire program, and shall be~~
5 ~~appropriated to the department in the annual Budget Act in a~~
6 ~~manner consistent with the five-year plan adopted and updated by~~
7 ~~the department. These moneys shall be expended for the payment~~
8 ~~of refunds under this chapter and for the following purposes:~~

9 ~~(1) To pay the administrative overhead cost of this chapter, not~~
10 ~~to exceed 6 percent of the total revenue deposited in the fund~~
11 ~~annually, or an amount otherwise specified in the annual Budget~~
12 ~~Act.~~

13 ~~(2) To pay the costs of administration associated with collection,~~
14 ~~making refunds, and auditing revenues in the fund, not to exceed~~
15 ~~3 percent of the total revenue deposited in the fund, as provided~~
16 ~~in subdivision (c) of Section 42885.~~

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

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

35 ~~(5) To pay the costs of cleanup, abatement, removal, or other~~
36 ~~remedial action related to waste tire stockpiles throughout the state,~~
37 ~~including all approved costs incurred by other public agencies~~
38 ~~involved in these activities by contract with the department. Not~~
39 ~~less than six million five hundred thousand dollars (\$6,500,000)~~

1 shall be expended by the department during each of the following
2 fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

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

5 ~~(7) To assist in developing markets and new technologies for
6 used tires and waste tires. The department's expenditure of funds
7 for purposes of this subdivision shall reflect the priorities for waste
8 management practices specified in subdivision (a) of Section
9 40051.~~

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

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

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

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

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

25 ~~SEC. 33. Section 42889 of the Public Resources Code, as
26 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
27 amended to read:~~

28 ~~42889. Funding for the waste tire program shall be appropriated
29 to the department in the annual Budget Act. The moneys in the
30 fund shall be expended for the payment of refunds under this
31 chapter and for the following purposes:~~

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

36 ~~(b) To pay the costs of administration associated with collection,
37 making refunds, and auditing revenues in the fund, not to exceed
38 3 percent of the total revenue deposited in the fund, as provided
39 in subdivision (b) of Section 42885.~~

1 ~~(e) To pay the costs associated with operating the tire recycling~~
2 ~~program specified in Article 3 (commencing with Section 42870).~~

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

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

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

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

29 ~~SEC. 34.~~

30 ~~SEC. 20.~~ Section 9250.1 of the Vehicle Code is amended to
31 read:

32 9250.1. (a) Beginning July 1, 2008, the fee described in Section
33 9250 shall be increased by three dollars (\$3).

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

1 (c) 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. 35. Section 9250.2 of the Vehicle Code, as amended by~~
5 ~~Section 15 of Chapter 707 of the Statutes of 2004, is amended to~~
6 ~~read:~~

7 ~~9250.2. (a) The department, if requested by the Sacramento~~
8 ~~Metropolitan Air Quality Management District pursuant to Section~~
9 ~~41081 of the Health and Safety Code, shall impose and collect a~~
10 ~~surcharge on the registration fees for every motor vehicle registered~~
11 ~~in that district, not to exceed the amount of six dollars (\$6), as~~
12 ~~specified by the governing body of that district.~~

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

16 ~~SEC. 36. Section 9250.2 of the Vehicle Code, as added by~~
17 ~~Section 15.5 of Chapter 707 of the Statutes of 2004, is amended~~
18 ~~to read:~~

19 ~~9250.2. (a) The department, if requested by the Sacramento~~
20 ~~Metropolitan Air Quality Management District pursuant to Section~~
21 ~~41081 of the Health and Safety Code, shall impose and collect a~~
22 ~~surcharge on the registration fees for every motor vehicle registered~~
23 ~~in that district, not to exceed four dollars (\$4).~~

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

25 ~~SEC. 37.~~

26 ~~SEC. 21. Section 9261.1 of the Vehicle Code is amended to~~
27 ~~read:~~

28 ~~9261.1. (a) Beginning July 1, 2008, the fee described in Section~~
29 ~~9261, as adjusted pursuant to Section 1678, shall be increased by~~
30 ~~five dollars (\$5).~~

31 ~~(b) Two dollars and fifty cents (\$2.50) of the increase shall be~~
32 ~~deposited into the Alternative and Renewable Fuel and Vehicle~~
33 ~~Technology Fund created by Section 44273 of the Health and~~
34 ~~Safety Code, and two dollars and fifty cents (\$2.50) shall be~~
35 ~~deposited into the Air Quality Improvement Fund created by~~
36 ~~Section 44274.5 of the Health and Safety Code.~~

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

1 ~~SEC. 38.~~

2 SEC. 22. Section 9853.6 of the Vehicle Code is amended to
3 read:

4 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
5 paragraph (1) of subdivision (b) of Section 9853 shall be increased
6 by ten dollars (\$10).

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

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

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

20 (c) 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. 23. *This act shall not become operative unless Assembly*
24 *Bill 8 of the 2013–14 Regular Session is enacted.*

25 ~~SEC. 39.~~

26 SEC. 24. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety within
28 the meaning of Article IV of the Constitution and shall go into
29 immediate effect. The facts constituting the necessity are:

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