

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN SENATE MARCH 25, 2014

SENATE BILL

No. 913

Introduced by Senator DeSaulnier
(Coauthors: Senators Beall, Cannella, Galgiani, and Jackson)
(Coauthors: Assembly Members Bonilla and Daly)

January 23, 2014

An act to amend Section 44125 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 913, as amended, DeSaulnier. Vehicular air pollution: vehicle retirement.

Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair in the Department of Consumer Affairs pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the department to pay a person who retires his or her vehicle \$1,500 for a low-income motor vehicle owner, as defined, and \$1,000 for all other motor vehicle owners, and authorizes additional payments above these amounts based on consideration of specified criteria.

Under existing law, the Bureau of Automotive Repair establishes the Consumer Assistance Program to provide incentives for low-income motor vehicle owners to retire a qualified vehicle.

This bill would require the guidelines adopted by the state board to additionally include specific goals for retirement and replacement of passenger vehicles and light- and medium-duty trucks that are high polluters. The bill would require the state board and the bureau to

cooperate in the issuance of a specified number of replacement vouchers through the Enhanced Fleet Modernization Program for specified fiscal years and a specified number of retirement vouchers through the Consumer Assistance Program and the Enhanced Fleet Modernization Program for specified fiscal years. The bill would state the intent of the Legislature regarding the funding of these activities. *The bill would require the state board to study and consider specified elements.* The bill would require the state board and the bureau, on or before September 1, 2016, to make publicly available, on their respective Internet Web sites, a report regarding whether the goals for the numbers of vehicle retirements and replacements have been met and, if not, the manner in which the state board and the bureau plan to revise the program to increase the numbers of vehicle retirements and replacements.

Vote: majority. 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 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, shall adopt a program to commence
5 on January 1, 2010, that allows for the voluntary retirement of
6 passenger vehicles and light-duty and medium-duty trucks that are
7 high polluters. The program shall be administered by the bureau
8 pursuant to guidelines adopted by the state board.
9 (b) No later than June 30, 2015, the state board, in consultation
10 with the bureau, shall update the program established pursuant to
11 subdivision (a). The program shall continue to be administered by
12 the bureau pursuant to guidelines updated and adopted by the state
13 board.
14 (c) The guidelines shall ensure all of the following:
15 (1) Vehicles retired pursuant to the program are permanently
16 removed from operation and retired at a dismantler under contract
17 with the bureau.
18 (2) Districts retain their authority to administer vehicle
19 retirement programs otherwise authorized under law.
20 (3) The program is available for high polluting passenger
21 vehicles and light-duty and medium-duty trucks that have been
22 continuously registered in California for two years prior to

1 acceptance into the program or otherwise proven to have been
2 driven primarily in California for the last two years and have not
3 been registered in another state or country in the last two years.
4 The guidelines may require a vehicle to take, complete, or pass a
5 smog check inspection.

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

8 (5) (A) Compensation for retired vehicles shall be at least one
9 thousand five hundred dollars (\$1,500) for a low-income motor
10 vehicle owner, as defined in Section 44062.1, and no more than
11 one thousand dollars (\$1,000) for all other motor vehicle owners.

12 (B) Replacement may be an option for all motor vehicle owners
13 and may be in addition to compensation for vehicles retired
14 pursuant to subparagraph (A). For low-income motor vehicle
15 owners, as defined in Section 44062.1, compensation shall be no
16 less than two thousand five hundred dollars (\$2,500).
17 Compensation for all other motor vehicle owners shall not exceed
18 compensation for low-income motor vehicle owners.

19 (C) Compensation for either retired or replacement vehicles for
20 low-income motor vehicle owners may be increased as necessary
21 to maximize the air quality benefits of the program while also
22 ensuring participation by low-income motor vehicle owners, as
23 defined in Section 44062.1. Increases in compensation amounts
24 may be based on factors, including, but not limited to, the age of
25 the retired or replaced vehicle, the emissions benefits of the retired
26 or replaced vehicle, the emissions impact of any replacement
27 vehicle, participation by low-income motor vehicle owners, as
28 defined in Section 44062.1, and the location of the vehicle in an
29 area of the state with the poorest air quality.

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

34 (7) Provisions that coordinate the vehicle retirement and
35 replacement components of the program with the vehicle retirement
36 component of the bureau's Consumer Assistance Program,
37 established pursuant to other provisions of this chapter, to ensure
38 vehicle owners participate in the appropriate program to maximize
39 emissions reductions.

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

3 (9) Specific steps to ensure the vehicle replacement component
4 of the program is available in areas designated as federal extreme
5 nonattainment.

6 (10) A requirement that vehicles eligible for retirement have
7 sufficient remaining life. Demonstration of sufficient remaining
8 life may include proof of current registration, passing a recent
9 smog check inspection, or passing another test similar to a smog
10 check inspection.

11 (d) (1) In addition to subdivision (c), the guidelines shall include
12 all of the following:

13 (A) Specific goals for retirement and replacement of passenger
14 vehicles and light-duty and medium-duty trucks that are high
15 polluters.

16 (B) A requirement that the state board and the bureau cooperate
17 in issuing the following:

18 (i) Not less than 15,000 retirement vouchers through the
19 Consumer Assistance Program for the 2014–15 fiscal year.

20 (ii) Not less than 20,000 retirement vouchers through the
21 Consumer Assistance Program for the 2015–16 fiscal year.

22 (iii) Not less than 25,000 retirement vouchers through the
23 Enhanced Fleet Modernization Program for the 2014–15 fiscal
24 year.

25 (iv) Not less than 28,000 retirement vouchers through the
26 Enhanced Fleet Modernization Program for the 2015–16 fiscal
27 year.

28 (C) A requirement that the state board issue, through the
29 Enhanced Fleet Modernization Program, not less than 1,000
30 replacement vouchers for the 2014–15 fiscal year and not less than
31 2,000 replacement vouchers for the 2015–16 fiscal year.

32 (2) (A) It is the intent of the Legislature that the activities
33 undertaken pursuant to paragraph (1) be funded by the Enhanced
34 Fleet Modernization Subaccount, the High Polluter Repair or
35 Removal Account, and the Vehicle Inspection and Repair Fund.

36 (B) It is the intent of the Legislature that if moneys in the
37 subaccount, account, and fund specified in subparagraph (A) are
38 not sufficient to fully fund the activities undertaken pursuant to
39 paragraph (1), any and all outstanding loans to the General Fund

1 from the subaccount, account, and fund be repaid to fund those
2 activities.

3 (e) When updating the guidelines to the program established
4 pursuant to subdivision (a), the state board shall study and consider
5 all the following elements:

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

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

10 (B) *In studying and developing the option pursuant to this*
11 *paragraph, the state board shall also consider consumer protection*
12 *measures for the purchase and financing of any replacement*
13 *vehicle to ensure that benefits of the incentive accrue to consumers,*
14 *including, but not limited to, the following measures:*

15 (i) *Requiring, encouraging, or educating consumers to borrow*
16 *from reputable lending institutions or join credit unions to establish*
17 *credit prior to purchase.*

18 (ii) *Prohibiting vehicle loans by the selling dealership.*

19 (iii) *Leveraging financial counseling offered by credit unions*
20 *by directing consumers to those resources.*

21 (iv) *Suggesting or requiring consumers to be preapproved for*
22 *financing before visiting a dealer or other used car seller.*

23 (v) *Implementation of consumer protection measures in*
24 *collaboration with consumer advocacy groups that provide*
25 *financial counseling.*

26 (vi) *Directing consumers to California's low-cost auto insurance*
27 *program.*

28 (vii) *Requiring an estimate for total cost of car ownership with*
29 *a truth-in-lending statement.*

30 (viii) *Establishing preapproved pricing for used vehicles.*

31 (ix) *Requiring vehicle inspection and disclosure by an*
32 *independent automobile mechanic.*

33 (x) *Requiring the vehicle history to be provided and attached*
34 *to the purchase paperwork.*

35 (xi) *Requiring a vehicle warranty for a specified timeframe.*

36 (3) An incentive structure with varied incentive amounts to
37 maximize program participation and cost-effective emissions
38 reductions.

39 (4) Increased emphasis on the replacement of high polluters
40 with cleaner vehicles or the increased use of public transit that

1 results in the increased utilization of the vehicle replacement
2 component of the program.

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

6 (6) Increased partnerships and outreach with community-based
7 organizations.

8 (7) *Including private party sales in the program.*

9 (8) *Providing a combined retirement and replacement incentive.*

10 (9) *Requiring a minimum efficiency standard for a replacement*
11 *vehicle of 27 miles per gallon for passenger vehicles and 23 miles*
12 *per gallon for light- and medium-duty trucks.*

13 (f) On or before September 1, 2016, the state board and the
14 bureau shall make publicly available, on their respective Internet
15 Web sites, a report regarding whether the goals for the numbers
16 of vehicle retirements or replacements specified in paragraph (1)
17 of subdivision (d) were met and, if not, the manner in which the
18 state board and the bureau plan to revise the Consumer Assistance
19 Program and the Enhanced Fleet Modernization Program to
20 increase the number of vehicle retirements and replacements.