

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN SENATE MAY 6, 2014

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1275

Introduced by Senator De León
(Coauthor: Senator Pavley)
(Coauthor: Assembly Member Ting)

February 21, 2014

An act to amend Section 44125 of, and to add Chapter 8.5 (commencing with Section 44258) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 1275, as amended, De León. Vehicle retirement and replacement: Charge Ahead California Initiative.

(1) Existing law creates an enhanced fleet modernization program for the retirement of high polluting vehicles to be administered by the Bureau of Automotive Repair pursuant to guidelines adopted by the State Air Resources Board. Existing law requires the program's guidelines to be updated no later than June 30, 2015. Existing law requires the updated guidelines to ensure vehicle replacement be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired, as specified.

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than ~~the combination of what the motor vehicle owner would have received as compensation toward a replacement vehicle and the amount of a specified incentive available for a qualified plug-in~~

~~battery electric vehicle~~ \$2,500. *The bill would authorize the state board to increase the amount of the mobility option as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners, as specified.* The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

(2) Existing law establishes the Air Quality Improvement Program that is administered by the State Air Resources Board for the purposes of funding projects related to, among other things, reduction of criteria air pollutants and improvement of air quality. Pursuant to the Air Quality Improvement Program, the state board has established the Clean Vehicle Rebate Project to promote the production and use of zero-emission vehicles and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project to provide vouchers to help California fleets to purchase hybrid and zero-emission trucks and buses.

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and *the public stakeholders*. The bill would state that the goals of the initiative are to, among other things, place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and to increase access for disadvantaged, low-income, and moderate-income communities *and consumers* to zero-emission and near-zero-emission vehicles. The bill would require the state board to adopt, no later than June 30, 2015, a plan to meet the goals of the initiative, commencing in the 2016–17 fiscal year, ~~that establishes~~ *that includes establishing* an estimate for the total funding necessary for specified programs and projects; to update the plan at least every 3 years through January 1, 2023; to adopt, no later than June 30, 2015, specified revisions to the criteria and ~~guidelines~~ *other requirements* for the Clean Vehicle Rebate Project and the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project; and to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities *and consumers* from electric transportation.

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. The Legislature finds and declares all of the
2 following:

3 (a) Seven of the ~~10-worst-polluted~~ cities *with the most severe*
4 *air pollution* in the United States are in California. California has
5 the largest proportion of its population, over 40 percent, living
6 close to or near busy roadways and who may be exposed to an
7 elevated risk of air pollution and health impacts.

8 (b) California’s low-income and disadvantaged populations
9 continue to face disproportionate impacts from substandard air
10 quality in the form of higher rates of respiratory illnesses,
11 hospitalizations, and premature death. Climate change is expected
12 also to have disproportionate impacts on disadvantaged,
13 low-income, and other vulnerable communities in California.

14 (c) Residents and businesses annually spend more than \$70
15 billion in transportation fuel bills.

16 (d) Cars and trucks are the single largest source of ~~global~~
17 ~~warming-pollution~~ *greenhouse gas emissions* in California. They
18 also are the largest contributor to air pollution that harms public
19 health.

20 (e) Zero-emission and near-zero-emission vehicles, including
21 light-, medium-, and heavy-duty vehicles and buses, can improve
22 the health and welfare of all residents, especially those in lower
23 income households and disadvantaged communities, by reducing
24 air pollution and greenhouse gas emissions.

25 (f) California businesses stand to benefit from increased
26 deployment of zero-emission and near-zero-emission vehicles
27 through reduced fuel expenditures and reduced pollution exposure
28 to workers and communities.

29 (g) California attracts over half of the nation’s venture capital
30 for clean technology and ranks high among the states in the number
31 of workers and facilities supporting the clean vehicle and electric
32 vehicle industries.

33 (h) Automakers and truck manufacturers are in early
34 commercialization of zero-emission and near-zero-emission
35 vehicles, which can dramatically lower smog and greenhouse gas
36 emissions even when emissions from the production, distribution,
37 and refining of fuels and the generation of electricity are
38 considered.

1 (i) Electric utilities are providing clean renewable electricity in
2 increasing amounts to transportation customers throughout the
3 state. Charging-service providers are beginning to deploy electric
4 vehicle charging infrastructure throughout the state. Expanding
5 the market for zero-emission and near-zero-emission vehicles to
6 underserved markets in California is a priority.

7 (j) Low-carbon transportation has been identified as an eligible
8 investment under the Greenhouse Gas Reduction Fund Investment
9 Plan and Communities Revitalization Act (Chapter 4.1
10 (commencing with Section 39710) of Part 2 of Division 26 of the
11 Health and Safety Code). The act has identified low-carbon freight
12 transport and zero-emission passenger transportation as a
13 recommended area for investment.

14 (k) It is the goal of the state to place in service at least one
15 million zero-emission and near-zero-emission vehicles by January
16 1, 2023, and to establish a self-sustaining zero-emission and
17 near-zero-emission vehicle industry in which zero-emission and
18 near-zero-emission vehicles are a viable mainstream option for
19 individual vehicle purchasers, businesses, and public fleets.

20 (l) It is the goal of the state to increase access for disadvantaged
21 ~~and low-,~~ *low-income,* and moderate-income communities *and*
22 *consumers* to zero-emission and near-zero-emission vehicles and
23 to increase the placement of those vehicles in those communities
24 *and with those consumers* in order to enhance the air quality, lower
25 greenhouse gases, and promote overall benefits for those
26 communities *and consumers*.

27 ~~(m) It is the intent of the Legislature that this act be consistent~~
28 ~~with the appropriations processes and criteria established by the~~
29 ~~Greenhouse Gas Reduction Fund Investment Plan and~~
30 ~~Communities Revitalization Act (Chapter 4.1 (commencing with~~
31 ~~Section 39710) of Part 2 of Division 26 of the Health and Safety~~
32 ~~Code):~~

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

35 44125. (a) No later than July 1, 2009, the state board, in
36 consultation with the bureau, shall adopt a program to commence
37 on January 1, 2010, that allows for the voluntary retirement of
38 passenger vehicles and light-duty and medium-duty trucks that are
39 high polluters. The program shall be administered by the bureau
40 pursuant to guidelines adopted by the state board.

1 (b) No later than June 30, 2015, the state board, in consultation
2 with the bureau, shall update the program established pursuant to
3 subdivision (a). The program shall continue to be administered by
4 the bureau pursuant to guidelines updated and adopted by the state
5 board.

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

7 (1) Vehicles retired pursuant to the program are permanently
8 removed from operation and retired at a dismantler under contract
9 with the bureau.

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

12 (3) The program is available for high polluting passenger
13 vehicles and light-duty and medium-duty trucks that have been
14 continuously registered in California for two years prior to
15 acceptance into the program or otherwise proven to have been
16 driven primarily in California for the last two years and have not
17 been registered in another state or country in the last two years.
18 The guidelines may require a vehicle to take, complete, or pass a
19 smog check inspection.

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

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

26 (B) Replacement or a mobility option may be an option for all
27 motor vehicle owners and may be in addition to compensation for
28 vehicles retired pursuant to subparagraph (A). For low-income
29 motor vehicle owners, as defined in Section 44062.1, compensation
30 toward a replacement vehicle *or mobility option* shall be no less
31 than two thousand five hundred dollars (\$2,500). Compensation
32 toward a replacement vehicle for all other motor vehicle owners
33 shall not exceed compensation for low-income motor vehicle
34 owners. ~~Compensation for the mobility option shall be no less than~~
35 ~~the combination of what the motor vehicle owner would have~~
36 ~~received as compensation toward a replacement vehicle and the~~
37 ~~amount of an incentive available for a qualified plug-in battery~~
38 ~~electric vehicle pursuant to the Clean Vehicle Rebate Project,~~
39 ~~established pursuant to Section 44274.~~

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

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

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

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

25 (9) Specific steps to ensure the vehicle replacement and mobility
26 option component of the program is available in areas designated
27 as federal extreme nonattainment.

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

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

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

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

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

4 (4) Increased emphasis on the replacement of high polluters
5 with cleaner vehicles or the increased use of public transit and car
6 sharing that results in the increased utilization of the vehicle
7 replacement and mobility option component of the program.

8 (5) Increased emphasis on the reduction of greenhouse gas
9 emissions through increased vehicle efficiency or transit and car
10 sharing use as a result of the program.

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

13 (e) For purposes of this section, the following terms have the
14 following meanings:

15 (1) “Car sharing” has the same definition as in Section 44258.

16 (2) “Mobility option” means a voucher for public transit or car
17 sharing.

18 SEC. 3. Chapter 8.5 (commencing with Section 44258) is added
19 to Part 5 of Division 26 of the Health and Safety Code, to read:

20

21 CHAPTER 8.5. CHARGE AHEAD CALIFORNIA INITIATIVE

22

23 44258. For purposes of this chapter, the following terms have
24 the following meanings:

25 (a) “Car sharing” means a model of vehicle rental where users
26 can rent vehicles for short periods of time and users are members
27 that have been preapproved to drive.

28 (b) “Disadvantaged community” means a community identified
29 by the California Environmental Protection Agency pursuant to
30 Section 39711.

31 ~~(b)~~

32 (c) “Near-zero-emission vehicle” means a light-duty plug-in
33 hybrid electric vehicle or a medium-duty, heavy-duty, or bus hybrid
34 electric vehicle or plug-in hybrid electric vehicle.

35 ~~(e)~~

36 (d) “Zero-emission vehicle” means a light-duty, medium-duty,
37 heavy-duty, or bus battery electric vehicle or hydrogen fuel cell
38 vehicle.

39 44258.4. (a) ~~The~~ *It is the intent of the Legislature that this act*
40 *be consistent with the appropriations processes and criteria*

1 *established by the Greenhouse Gas Reduction Fund Investment*
 2 *Plan and Communities Revitalization Act (Chapter 4.1*
 3 *(commencing with Section 39710) of Part 2).*

4 (b) *The Charge Ahead California Initiative is hereby established*
 5 *and shall be administered by the state board. The goals of this*
 6 *initiative are to place in service at least 1,000,000 zero-emission*
 7 *and near-zero-emission vehicles by January 1, 2023, to establish*
 8 *a self-sustaining zero-emission and near-zero-emission vehicle*
 9 *industry in which zero-emission and near-zero-emission vehicles*
 10 *are a viable mainstream option for individual vehicle purchasers,*
 11 *businesses, and public fleets, to increase access for disadvantaged*
 12 *and low-, low-income, and moderate-income communities and*
 13 *consumers to zero-emission and near-zero-emission vehicles, and*
 14 *to increase the placement of those vehicles in those communities*
 15 *and with those consumers to enhance the air quality, lower*
 16 *greenhouse gases, and promote overall benefits for those*
 17 *communities and consumers.*

18 ~~(b)~~

19 (c) *The state board, in consultation with the State Energy*
 20 *Resources Conservation and Development Commission, districts,*
 21 *and the public stakeholders, shall do all of the following:*

22 (1) *No later than June 30, 2015, adopt a plan to meet the goals*
 23 *of the initiative established pursuant to subdivision—(a) (b),*
 24 *commencing in the 2016–17 fiscal year, that establishes including*
 25 *establishing an estimate for the total funding necessary for*
 26 *programs and projects that include, but are not limited to, any of*
 27 *the following:*

28 (A) *The Clean Vehicle Rebate Project, established pursuant to*
 29 *Section 44274.*

30 (B) *The Hybrid and Zero-Emission Truck and Bus Voucher*
 31 *Incentive Project, established pursuant to Section 44274.*

32 (C) *The Advanced Technology Demonstration Projects,*
 33 *established pursuant to Section 44274.*

34 (D) *Zero-emission and near-zero-emission vehicle fueling*
 35 *infrastructure projects eligible under the Alternative and Renewable*
 36 *Fuel and Vehicle Technology Program, established pursuant to*
 37 *Article 2 (commencing with Section 44272) of Chapter 8.9.*

38 (E) *Light-duty, medium-duty, and heavy-duty zero-emission*
 39 *and near-zero-emission vehicle deployment projects eligible under*
 40 *the Alternative and Renewable Fuel and Vehicle Technology*

1 Program, established pursuant to Article 2 (commencing with
2 Section 44272) of Chapter 8.9.

3 (F) Medium-duty and heavy-duty zero-emission and
4 near-zero-emission vehicle technology demonstration projects
5 eligible under the Alternative and Renewable Fuel and Vehicle
6 Technology Program, established pursuant to Article 2
7 (commencing with Section 44272) of Chapter 8.9.

8 (G) Precommercial demonstration projects of advanced freight
9 and transit technology to move cargo and passengers in the state.

10 (H) Programs adopted pursuant to paragraph (5).

11 (2) ~~The~~ *Update the plan* required pursuant to paragraph (1) shall
12 ~~be updated~~ at least every three years through January 1, 2023.

13 (3) No later than June 30, 2015, adopt revisions to the criteria
14 and ~~guidelines other requirements~~ for the Clean Vehicle Rebate
15 Project, established pursuant to Section 44274, to ensure all of the
16 following:

17 (A) Rebate levels are phased down in multiyear increments
18 based on cumulative sales levels as determined by the state board.

19 ~~(B) Modifications are adopted to both improve effectiveness
20 and ensure that the program better serves persons of low and
21 moderate incomes.~~

22 ~~(C) Qualified low- and moderate-income motor vehicle owner
23 participants in the enhanced fleet modernization program,
24 established pursuant to Article 11 (commencing with Section
25 44125) of Chapter 5, are eligible for rebates for the purchase of
26 both new zero-emission and near-zero-emission light-duty vehicles
27 that are eligible for rebates under the Clean Vehicle Rebate Project,
28 established pursuant to Section 44274, and used zero-emission
29 and near-zero-emission light-duty vehicles that were eligible for
30 rebates when they were originally purchased.~~

31 ~~(B) Eligibility is limited based on income.~~

32 ~~(D)~~

33 (C) Consideration of the conversion to prequalification and
34 point-of-sale rebates or other methods to increase participation
35 rates.

36 (4) No later than June 30, 2015, adopt revisions to the criteria
37 and ~~guidelines other requirements~~ for the Hybrid and
38 Zero-Emission Truck and Bus Voucher Incentive Project,
39 established pursuant to Section 44274, *or other relevant*
40 *deployment and demonstration programs*, to ensure program

1 eligibility for a truck ~~and~~ or bus retrofitted or remanufactured to
 2 be a zero-emission ~~or near-zero-emission~~ vehicle, *if the retrofitter*
 3 *or manufacturer furnishes a warranty or other form of guarantee*
 4 *to ensure lasting emissions reductions.*

5 (5) (A) Establish programs that further increase access to and
 6 direct benefits for disadvantaged ~~and low-~~, *low-income*, and
 7 moderate-income communities *and consumers* from electric
 8 transportation, including, but not limited to, any of the following:

9 (i) ~~A~~ *Financing mechanisms, including, but not limited to, a*
 10 *loan or loss loan-loss reserve credit enhancement program to*
 11 *increase consumer access to zero-emission and near-zero-emission*
 12 *vehicle financing and leasing options that can help lower*
 13 *expenditures on transportation.*

14 (ii) Car sharing programs that serve disadvantaged communities
 15 ~~and incorporate~~ *utilize* zero-emission and near-zero-emission
 16 vehicles.

17 (iii) Deployment of charging infrastructure in multiunit
 18 dwellings in disadvantaged communities to remove barriers to
 19 zero-emission and near-zero-emission vehicle adoption by those
 20 who do not live in detached homes.

21 (iv) *Additional incentives for zero-emission, near-zero-emission,*
 22 *or high-efficiency replacement vehicles or a mobility option*
 23 *available to participants in the enhanced fleet modernization*
 24 *program, established pursuant to Article 11 (commencing with*
 25 *Section 44125) of Chapter 5.*

26 (B) Programs implemented pursuant to this paragraph shall
 27 provide adequate outreach to disadvantaged ~~and low-~~, *low-income*,
 28 and moderate-income communities *and consumers*, including
 29 partnering with community-based organizations.