

ASSEMBLY BILL

No. 1176

Introduced by Assembly Member Perea

February 27, 2015

An act to amend Section 44272 of, to add Section 44271.3 to, and to add Chapter 8.8 (commencing with Section 44269) to Part 5 of Division 26 of, the Health and Safety Code, relating to vehicular air pollution, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1176, as introduced, Perea. Vehicular air pollution.

(1) Existing law establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, which includes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, and the Air Quality Improvement Program, administered by the State Air Resources Board. Existing law requires the emphasis of the Alternative and Renewable Fuel and Vehicle Technology Program to be to develop and deploy technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology. Existing law requires the primary purpose of the Air Quality Improvement Program to be the funding of projects to reduce criteria air pollutants, to improve air quality, and to fund research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies.

This bill would establish the Advanced Low-Carbon Diesel Fuels Access Program, to be administered by the state board, for the purpose

of reducing greenhouse gas emissions of diesel motor vehicles by providing capital assistance for projects that expand advanced low-carbon diesel fueling infrastructure in communities that are disproportionately impacted by environmental hazards and additionally where the greatest air quality impacts can be identified.

This bill would require the commission and the state board to allocate no less than 50% of the available moneys under the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program to projects that provide direct benefits to or serve or are located in disadvantaged communities.

This bill would authorize the commission as part of the Alternative and Renewable Fuel and Vehicle Technology Program, to amend a contract, grant, loan, or other agreement or award to extend the terms of that contract, grant, loan, or other agreement or award by 2 years if the moneys are reprioritized by the commission to apply toward a project that provides benefits to disadvantaged communities.

(2) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Existing law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund.

This bill would appropriate \$35,000,000 from the fund to the state board to implement the Advanced Low-Carbon Diesel Fuels Access Program.

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

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

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

1 SECTION 1. (a) It is the intent of the Legislature that the
 2 California Alternative and Renewable Fuel, Vehicle Technology,

1 Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9
2 (commencing with Section 44270) of Part 5 of Division 26 of the
3 Health and Safety Code) continue the state’s implementation of
4 Assembly Bill 118 (Chapter 750, Statutes of 2007) by directing
5 resources to the state’s most impacted and disadvantaged
6 communities to ensure activities taken pursuant to that authority
7 will provide economic and health benefits to these communities
8 as well.

9 (b) The Legislature further finds and declares all of the
10 following:

11 (1) The California Communities Environmental Health
12 Screening Tool, also known as CalEnviroScreen, which was
13 developed by the Office of Environmental Health Hazard
14 Assessment at the request of the California Environmental
15 Protection Agency, is a science-based tool that identifies the
16 California communities most burdened by pollution from multiple
17 sources and most vulnerable to its effects.

18 (2) Using CalEnviroScreen, the California Environmental
19 Protection Agency has identified the top 25 percent highest-scoring
20 census tracts in the state based on geographic, socioeconomic,
21 public health, and environmental hazard criteria and has designated
22 these most impacted regions of the state as disadvantaged
23 communities.

24 (3) A significant number of the total identified top 25 percent
25 highest-scoring census tracts of disadvantaged communities are
26 located in the San Joaquin Valley, which is impacted by heavy
27 freight traffic moving along the Interstate 5 and Highway 99
28 corridors, and along Interstate 710, which runs 18 miles from the
29 Ports of Long Beach and Los Angeles to the Pomona Freeway
30 (SR-60) in east Los Angeles and encompasses 15 cities and
31 unincorporated areas in Los Angeles County adjacent to the
32 freeway corridor.

33 (4) Both regions consistently rate in the top 25 most polluted
34 locations in the United States and frequently exceed by significant
35 amounts the National Ambient Air Quality Standards for ozone
36 and fine particulate matter.

37 (5) Medium- and heavy-duty diesel vehicles operating on
38 petroleum diesel fuel and traveling along these heavy freight
39 corridors, which are located adjacent to or within many of the
40 state’s most environmentally impacted disadvantaged communities,

1 are a significant contributor to emissions from greenhouse gases
2 and criteria pollutants.

3 (6) However, the majority of diesel motor vehicles on the state’s
4 roads today can immediately reduce their emissions of greenhouse
5 gases, oxides of nitrogen, particulate matter, and other emissions
6 of concern by using low-carbon alternative and renewable
7 biomass-based diesel fuels, such as renewable hydrocarbon diesel
8 and low blends of biodiesel.

9 (7) The state’s policymakers can facilitate immediate and
10 tangible reductions of greenhouse gas emissions and criteria
11 pollution and amplify near-term health cobenefits to the state’s
12 most impacted and disadvantaged communities by funding the
13 development and deployment of alternative and renewable fueling
14 infrastructure to facilitate greater access to these advanced
15 low-carbon diesel fuels.

16 (8) It is the intent of the Legislature to provide the state’s most
17 impacted and disadvantaged communities with reasonable and
18 cost-effective opportunities to proactively participate in the state’s
19 greenhouse gas emissions reduction strategies, which can provide
20 immediate benefits in air quality, public health, the environment,
21 and the economy.

22 SEC. 2. Chapter 8.8 (commencing with Section 44269) is added
23 to Part 5 of Division 26 of the Health and Safety Code, to read:

24

25 CHAPTER 8.8. ADVANCED LOW-CARBON DIESEL FUELS ACCESS
26 PROGRAM

27

28 44269. For purposes of this chapter, the following terms have
29 the following meanings:

30 (a) “Biomass-based diesel fuel” means a diesel fuel that is an
31 “alternative fuel,” as defined in Section 43867.

32 (b) “Disproportionately impacted by environmental hazards”
33 means public health or environmental effects from the emission
34 or discharge of substances in a geographic area, including
35 environmental pollution for all sources whether in a single medium
36 or in multiple media, routinely, accidentally, or otherwise released
37 into the environment, taking into account sensitive populations
38 and socioeconomic factors, where applicable and to the extent data
39 is available.

1 (c) “Low-carbon diesel fueling infrastructure” means the
2 equipment used to store and dispense biomass-based diesel fuel
3 to motor vehicles according to industry codes and standards and
4 that is open to the public.

5 44269.2. (a) The Advanced Low-Carbon Diesel Fuels Access
6 Program is hereby established. The state board shall administer
7 the program for the purpose of reducing greenhouse gas emissions
8 of diesel motor vehicles by providing capital assistance for projects
9 that expand advanced low-carbon diesel fueling infrastructure in
10 communities that are disproportionately impacted by environmental
11 hazards and where additionally the greatest air quality impacts can
12 be identified.

13 (b) Moneys shall be available, upon appropriation by the
14 Legislature, from the Greenhouse Gas Reduction Fund, created
15 pursuant to Section 16428.8 of the Government Code, for the
16 purposes of carrying out this chapter.

17 44269.4. On or before March 1, 2016, the state board shall do
18 both of the following:

19 (a) Develop guidelines for the implementation of this chapter.
20 The guidelines shall ensure that the program is focused on
21 communities that are disproportionately impacted by environmental
22 hazards and where the greatest vehicular air pollution impact is
23 identified.

24 (b) Select, in consultation with the California Environmental
25 Protection Agency, the disadvantaged communities identified
26 pursuant to Section 39711.

27 44269.6. (a) In evaluating projects to be allocated moneys
28 pursuant to this chapter, the state board shall give priority to a
29 project with all of the following characteristics:

30 (1) Occurs in or near communities identified pursuant to Section
31 39711.

32 (2) Demonstrates the potential for cobenefits or multibenefit
33 attributes, including reducing significant emissions of criteria
34 pollutants or toxic air contaminants.

35 (3) Quantifies and measures cost-effectiveness and impacts on
36 disadvantaged and low-income populations.

37 (4) Demonstrates the ability to leverage additional public or
38 private funding.

39 (5) Demonstrates the ability to obtain immediate benefits.

1 (6) Includes marketing and education outreach strategies
2 designed to increase the effectiveness of the program's goals.

3 (b) A project required to be undertaken pursuant to state, federal,
4 or local laws shall not be allocated moneys pursuant to this chapter.

5 SEC. 3. Section 44271.3 is added to the Health and Safety
6 Code, to read:

7 44271.3. The commission and the state board shall allocate no
8 less than 50 percent of the moneys available pursuant to this
9 chapter to projects that meet either of the following criteria:

10 (a) Provide direct benefits to communities identified pursuant
11 to Section 39711.

12 (b) Serve or are located within communities described in Section
13 39711.

14 SEC. 4. Section 44272 of the Health and Safety Code is
15 amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (8) The project uses existing or proposed fueling infrastructure
2 to maximize the outcome of the project.
- 3 (9) The project’s ability to reduce on a life-cycle assessment
4 greenhouse gas emissions by at least 10 percent, and higher
5 percentages in the future, from current reformulated gasoline and
6 diesel fuel standards established by the state board.
- 7 (10) The project’s use of alternative fuel blends of at least 20
8 percent, and higher blend ratios in the future, with a preference
9 for projects with higher blends.
- 10 (11) The project drives new technology advancement for
11 vehicles, vessels, engines, and other equipment, and promotes the
12 deployment of that technology in the marketplace.
- 13 (d) The commission shall rank applications for projects proposed
14 for funding awards based on solicitation criteria developed in
15 accordance with subdivision (c), and shall give additional
16 preference to funding those projects with higher benefit-cost scores.
- 17 (e) Only the following shall be eligible for funding:
 - 18 (1) Alternative and renewable fuel projects to develop and
19 improve alternative and renewable low-carbon fuels, including
20 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
21 hydrogen, and biomethane, among others, and their feedstocks
22 that have high potential for long-term or short-term
23 commercialization, including projects that lead to sustainable
24 feedstocks.
 - 25 (2) Demonstration and deployment projects that optimize
26 alternative and renewable fuels for existing and developing engine
27 technologies.
 - 28 (3) Projects to produce alternative and renewable low-carbon
29 fuels in California.
 - 30 (4) Projects to decrease the overall impact of an alternative and
31 renewable fuel’s life cycle carbon footprint and increase
32 sustainability.
 - 33 (5) Alternative and renewable fuel infrastructure, fueling
34 stations, and equipment. The preference in paragraph (10) of
35 subdivision (c) shall not apply to renewable diesel or biodiesel
36 infrastructure, fueling stations, and equipment used solely for
37 renewable diesel or biodiesel fuel.
 - 38 (6) Projects to develop and improve light-, medium-, and
39 heavy-duty vehicle technologies that provide for better fuel
40 efficiency and lower greenhouse gas emissions, alternative fuel

1 usage and storage, or emission reductions, including propulsion
2 systems, advanced internal combustion engines with a 40 percent
3 or better efficiency level over the current market standard,
4 lightweight materials, intelligent transportation systems, energy
5 storage, control systems and system integration, physical
6 measurement and metering systems and software, development of
7 design standards and testing and certification protocols, battery
8 recycling and reuse, engine and fuel optimization electronic and
9 electrified components, hybrid technology, plug-in hybrid
10 technology, battery electric vehicle technology, fuel cell
11 technology, and conversions of hybrid technology to plug-in
12 technology through the installation of safety certified supplemental
13 battery modules.

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

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

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

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

38 (11) Block grants or incentive programs administered by public
39 entities or not-for-profit technology entities for multiple projects,
40 education and program promotion within California, and

1 development of alternative and renewable fuel and vehicle
2 technology centers. The commission may adopt guidelines for
3 implementing the block grant or incentive program, which shall
4 be approved at a noticed public meeting of the commission.

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

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

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

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

25 (1) Contract with the Treasurer to expend funds through
26 programs implemented by the Treasurer, if the expenditure is
27 consistent with all of the requirements of this article and Article
28 1 (commencing with Section 44270).

29 (2) Contract with small business financial development
30 corporations established by the Governor's Office of Business and
31 Economic Development to expend funds through the Small
32 Business Loan Guarantee Program if the expenditure is consistent
33 with all of the requirements of this article and Article 1
34 (commencing with Section 44270).

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

37 (A) A public entity.

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

1 (C) An administrator of a block grant program.
2 (4) *Amend a contract, grant, loan, or other agreement or award*
3 *to extend the terms of that contract, grant, loan, or other agreement*
4 *or award by two years if the moneys are reprioritized by the*
5 *commission to apply toward a project that complies with Section*
6 *44271.3.*

7 SEC. 5. Notwithstanding Section 39718 of the Health and
8 Safety Code, the sum of thirty-five million dollars (\$35,000,000)
9 is hereby appropriated from the Greenhouse Gas Reduction Fund,
10 created pursuant to Section 16428.8 of the Government Code, to
11 the State Air Resources Board for the purpose of implementing
12 the Advanced Low-Carbon Diesel Fuels Access Program (Chapter
13 8.8 (commencing with Section 44269) of Part 5 of Division 26 of
14 the Health and Safety Code).

15 SEC. 6. This act is an urgency statute necessary for the
16 immediate preservation of the public peace, health, or safety within
17 the meaning of Article IV of the Constitution and shall go into
18 immediate effect. The facts constituting the necessity are:

19 To ensure stable funding for programs to reduce vehicular air
20 pollution for the protection of the public health and safety, it is
21 necessary for this act to take effect immediately.