

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 15, 2013

AMENDED IN SENATE APRIL 18, 2013

**SENATE BILL**

**No. 11**

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**Introduced by Senators Pavley and Cannella  
(Principal coauthor: Senator Hill)  
(Coauthor: Senator Jackson)**

December 3, 2012

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An act to amend Sections 41081, 44060.5, 44225, 44229, 44270.3, 44271, 44272, 44273, 44274, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, and to add Sections ~~43018.9, 43867.5, and 43867.6~~ Section 43018.9 to, 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 (~~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.*

This bill would provide that the ~~State Air Resources Board, referred to as 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 person to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station. The bill would require the ~~state board~~ to aggregate and make available to the public, no later than January 1, 2014, and every ~~two years~~ *year* thereafter, the number of *hydrogen-fueled* vehicles that automobile 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 would require the commission to allocate \$20 million each fiscal year, as specified, ~~and up to \$20 million each fiscal year thereafter, as specified~~, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing market for vehicles requiring hydrogen fuel, until there are at least 100 publicly available hydrogen fueling stations *in California*. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the ~~state board~~ to jointly review and report on the progress toward establishing a hydrogen fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. The bill, no later than July 1, 2013, would require the ~~state board~~ and air districts to jointly convene working groups to evaluate the specified policies and goals of specified programs. The bill would add intelligent transportation systems as a

category of projects eligible for funding under the Alternative and Renewable Fuel and Vehicle Technology Program. *The bill would require the commission and the board, in making awards under both the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program, to provide a preference to projects with higher benefit-cost scores, as defined. The bill would prohibit any customer incentives for light-duty vehicles from being greater than compensations given to customers under the Enhanced Fleet Modernization Program for the retirement of certain high polluting vehicles.*

~~(2) Existing law requires the commission, in partnership with the state board, to develop and adopt a state plan to increase the use of alternative transportation fuels.~~

~~This bill would require the commission and the state board, among other things, to coordinate efforts to measure the progress of alternative fuels use. The bill would require the commission, in consultation with the state board, on or before November 1, 2014, to update a specified economic analysis. The bill would require the commission and the state board, to evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use, and evaluate how the impact of federal fuel policies and existing state policies will help increase the use of alternative transportation fuels in the state. The bill would require the commission and the state board, on or before November 1, 2015, and every 2 years thereafter, to report in the integrated energy policy report, as specified, the status of the state alternative transportation fuels use, as specified, and make specified evaluations. The bill would require the state board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.~~

~~(3)~~

~~(2) Existing law, until January 1, 2016, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund, and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.~~

~~Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee~~

to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

(4)

(3) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer program), 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<sub>x</sub>).

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.

(5)

(4) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6)

(5) Existing law authorizes each air pollution control and air quality management district, or district, that has been designated a state nonattainment area by the ~~state~~ board for any motor vehicle air pollutant, except the Sacramento Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that district, as specified by the governing body of the district. Existing

law requires the Department of Motor Vehicles to collect that surcharge if requested by a district, and requires the department, after deducting its administrative costs, to distribute the revenues to the 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.

(7)

(6) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed, be deposited in the Air Pollution Control Fund, these moneys to be available upon appropriation by the Legislature for use by the state board and districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would, on January 1, 2015, instead ~~increase~~ *establish* the tire fee ~~to~~ at \$1.50 per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

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

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

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

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

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

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

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

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

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

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

32 (2) The revenues resulting from the next two dollars (\$2) of  
33 each surcharge shall be used to implement the following programs  
34 that achieve emission reductions from vehicular sources and  
35 off-road engines, to the extent that the district determines the  
36 program remediates air pollution harms created by motor vehicles  
37 on which the surcharge is imposed:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (d) Funds received by the Sacramento district pursuant to this  
37 section shall be used to implement the strategy with respect to the  
38 reduction in emissions from vehicular sources, including, but not  
39 limited to, a clean fuels program and motor vehicle use reduction  
40 measures. Not more than 5 percent of the funds collected pursuant



1 to this section shall be used by the district for administrative  
2 expenses.

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

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

6 43018.9. (a) For purposes of this section, the following terms  
7 have the following meanings:

8 (1) “Commission” means the State Energy Resources  
9 Conservation and Development Commission.

10 (2) “Publicly available hydrogen fueling station” means the  
11 equipment used to store and dispense hydrogen fuel to vehicles  
12 according to industry codes and standards that is open to the public.

13 (b) (1) Notwithstanding any other law, the state board shall  
14 have no authority to enforce any element of its existing clean fuels  
15 outlet regulation or of any other regulation that requires or has the  
16 effect of requiring that any person construct, operate, or provide  
17 funding for the construction or operation of any publicly available  
18 hydrogen fueling station.

19 (2) This subdivision shall become inoperative on January 1,  
20 2024.

21 ~~(e) The state board shall aggregate and make available to the  
22 public no later than January 1, 2014, and every two years thereafter,  
23 the number of vehicles that automobile manufacturers project to  
24 be sold or leased, as reported to the state board pursuant to Section  
25 2303(a) of Title 13 of the California Code of Regulations.~~

26 ~~(d) (1) The commission shall allocate twenty million dollars  
27 (\$20,000,000) each fiscal year, beginning July 1, 2013, through  
28 June 30, 2016, and up to twenty million dollars (\$20,000,000) each  
29 fiscal year thereafter, not to exceed 20 percent of moneys  
30 appropriated by the Legislature from the Alternative and  
31 Renewable Fuel and Vehicle Technology Fund, established  
32 pursuant to Section 44273, for purposes of achieving a hydrogen  
33 fueling network sufficient to provide convenient fueling to vehicle  
34 owners, and expand that network as necessary to support a growing  
35 market for vehicles requiring hydrogen fuel, until there are at least  
36 100 publicly available hydrogen fueling stations. Allocations by  
37 the commission pursuant to this subdivision shall be subject to all  
38 of the requirements applicable to allocations from the Alternative  
39 and Renewable Fuel and Vehicle Technology Program pursuant  
40 to Article 2 (commencing with Section 44272) of Chapter 8.9.~~

1 ~~(2) The commission, in awarding funds pursuant to the~~  
2 ~~allocations described in paragraph (1), shall, based on best available~~  
3 ~~data and relevant stakeholder input, award moneys allocated in~~  
4 ~~paragraph (1) according to a strategy that supports the deployment~~  
5 ~~of an effective and efficient hydrogen fueling station network in~~  
6 ~~a way that maximizes benefits to the public while minimizing costs~~  
7 ~~to the state.~~

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

10 *(1) The number of hydrogen-fueled vehicles that motor vehicle*  
11 *manufacturers project to be sold or leased over the next three*  
12 *years as reported to the state board pursuant to the Low Emission*  
13 *Vehicle regulations, as currently established in Section 1961 to*  
14 *1961.2, inclusive, of Title 13 of the California Code of Regulations.*

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

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

20 *(1) Evaluate the need for additional publicly available hydrogen*  
21 *fueling stations for the subsequent three years in terms of quantity*  
22 *of fuel needed for the actual and projected number of*  
23 *hydrogen-fueled vehicles, geographic areas where fuel will be*  
24 *needed, and station coverage.*

25 *(2) Report findings to the commission on the need for additional*  
26 *public hydrogen fueling stations in terms of numbers of stations,*  
27 *geographic areas where additional stations will be needed, and*  
28 *minimum operating standards, such as number of dispensers,*  
29 *filling protocols, and pressures.*

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

37 *(2) If the commission, in consultation with the state board,*  
38 *determines that the full amount identified in paragraph (1) is not*  
39 *needed to fund the number of stations identified by the state board*  
40 *pursuant to subdivision (d), the commission may allocate any*

1 *remaining moneys to other projects, subject to the requirements*  
2 *of the Alternative and Renewable Fuel and Vehicle Technology*  
3 *Program pursuant to Article 2 (commencing with Section 44272)*  
4 *of Chapter 8.9.*

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

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

19 ~~(3)~~

20 (5) *Notwithstanding paragraph (1), once the commission*  
21 *determines, in consultation with the state board, that the private*  
22 *sector is establishing publicly available hydrogen fueling stations*  
23 *without the need for government support, the commission may*  
24 *cease providing funding for those stations.*

25 ~~(4)~~

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

1 network of 100 publicly available hydrogen fueling stations and  
 2 whether funding from the Alternative and Renewable Fuel and  
 3 Vehicle Technology Program remains necessary to achieve this  
 4 goal.

5 (e)

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

13 (f)

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

19 (g)

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

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

28 ~~43867.5. The Legislature finds and declares all of the following:~~

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

35 ~~(b) Residents spend over twenty billion dollars~~  
 36 ~~(\$20,000,000,000) each year on petroleum fuel imports,~~  
 37 ~~representing a significant missed economic opportunity.~~

38 ~~(c) It is in the interest of the state to increase alternative fuels~~  
 39 ~~usage to reduce fuel price volatility, improve environmental quality~~

1 and transportation energy security, and demonstrate the state's  
2 continued leadership in reducing greenhouse gas emissions.

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

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

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

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

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

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

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

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

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

1 ~~(e) On or before November 1, 2015, and every two years~~  
2 ~~thereafter consistent with and reported within the integrated energy~~  
3 ~~policy report, pursuant to Section 25302 of the Public Resources~~  
4 ~~Code, the state board and the State Energy Resources Conservation~~  
5 ~~and Development Commission shall report on the status of the~~  
6 ~~state alternative transportation fuels use analysis pursuant to~~  
7 ~~subdivision (a) and make the evaluations required in subdivision~~  
8 ~~(d). The report shall include details as to the quantities of~~  
9 ~~alternative fuels used in the state during the preceding years in~~  
10 ~~absolute terms and as a percentage of the state's overall~~  
11 ~~transportation fuel mix.~~

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

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

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

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

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

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

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

32 ~~SEC. 6.~~

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

35 44060.5. (a) Beginning July 1, 2008, the smog abatement fee  
36 described in subdivision (d) of Section 44060 shall be increased  
37 by eight dollars (\$8).

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

1 (1) The revenues generated by four dollars (\$4) shall be  
2 deposited in the Air Quality Improvement Fund created by Section  
3 44274.5.

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

7 (c) 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. 7.~~

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

14 44225. A district may increase the fee established under Section  
15 44223 to up to six dollars (\$6). A district may increase the fee only  
16 if the following conditions are met:

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

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

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

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

34 ~~SEC. 8.~~

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

38 44225. A district may increase the fee established under Section  
39 44223 ~~by~~ *to* up to four dollars (\$4). A district may increase the fee  
40 only if the following conditions are met:

1 (a) A resolution providing for both the fee increase and a  
2 corresponding program for expenditure of the increased fees for  
3 the reduction of air pollution from motor vehicles pursuant to, and  
4 for related planning, monitoring, enforcement, and technical studies  
5 necessary for the implementation of, the California Clean Air Act  
6 of 1988 is adopted and approved by the governing board of the  
7 district.

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

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

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

16 ~~SEC. 9.~~

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

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

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

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

39 (2) The new purchase, retrofit, repower, or add-on equipment  
40 for previously unregulated agricultural sources of air pollution, as



1 defined in Section 39011.5, for a minimum of three years from  
2 the date of adoption of an applicable rule or standard, or until the  
3 compliance date of that rule or standard, whichever is later, if the  
4 state board has determined that the rule or standard complies with  
5 Sections 40913, 40914, and 41503.1, after which period of time,  
6 a new purchase, retrofit, repower, or add-on of equipment shall  
7 not be funded pursuant to this chapter. The districts shall follow  
8 any guidelines developed under subdivision (a) of Section 44287  
9 for awarding grants under this program.

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

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

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

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

26 (c) The Department of Motor Vehicles may annually expend  
27 not more than 1 percent of the fees collected pursuant to Section  
28 44227 on administrative costs.

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

1 shall generate surplus emissions reductions and may be funded by  
2 the program.

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. 10.~~

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

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

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

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

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

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

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

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

35 44270.3. For the purposes of this chapter, the following terms  
36 have the following meanings:

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

1 *project from the Alternative and Renewable Fuel and Vehicle*  
2 *Technology Fund.*

3 ~~(a)~~

4 (b) “Commission” means the State Energy Resources  
5 Conservation and Development Commission.

6 ~~(b)~~

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

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

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

17 (3) Vehicle operation, including refueling, combustion,  
18 conversion, permeation, and evaporation.

19 ~~(e)~~

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

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

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

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

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

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

1 administered by the state board. The commission and the state  
2 board shall do all of the following in fulfilling their responsibilities  
3 pursuant to their respective programs:

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

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

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

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

22 (5) *Ensure that those revenues derived from fees imposed on*  
23 *motor vehicles that are expended pursuant to this chapter, as*  
24 *amended by Senate Bill 11 of the 2013–14 Regular Session of the*  
25 *Legislature, are expended in compliance with Section 3 of Article*  
26 *XIX of the California Constitution, as were the revenues derived*  
27 *from fees imposed on motor vehicles pursuant to Assembly Bill*  
28 *118 (Chapter 750 of the Statutes of 2007).*

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

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

38 (2) Activities undertaken pursuant to the programs maintain or  
39 improve upon emission reductions and air quality benefits in the

1 State Implementation Plan for Ozone, California Phase 2  
2 Reformulated Gasoline standards, and diesel fuel regulations.

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

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

14 SEC. 11. 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*  
14 *proposed for funding awards based on solicitation criteria*  
15 *developed in accordance with subdivision (c), and shall give*  
16 *additional preference to funding those projects with higher*  
17 *benefit-cost scores.*

18 ~~(d)~~

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

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

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

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

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

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

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

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

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

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

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



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

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

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

20 (e)

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

28 (f)

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

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

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

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

3 (A) A public entity.

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

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

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

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

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

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

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

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

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

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

3 (5) Recommendations for future actions.

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

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

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

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

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

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

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

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

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

4 (6) Ability to leverage private capital investments.

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

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

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

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

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

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

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

27 (A) Lower emission schoolbus programs.

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

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

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

1 boards, postsecondary education providers including community  
2 colleges, and economic development agencies.

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

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

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

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

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

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

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

19 (E) Recommendations for future actions.

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

23 ~~SEC. 12.~~

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

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

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

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

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

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

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

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

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

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

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

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

24 (10) “Fund” means the Carl Moyer Memorial Air Quality  
25 Standards Attainment Trust Fund created by Section 44299.

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

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

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

1 (14) “NO<sub>x</sub>” means oxides of nitrogen.

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

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

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

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

18 (b) 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. 13.~~

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

25 44275. (a) As used in this chapter, the following terms have  
26 the following meanings:

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

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

30 (3) “Commission” means the State Energy Resources  
31 Conservation and Development Commission.

32 (4) “Cost-effectiveness” means dollars provided to a project  
33 pursuant to subdivision (d) of Section 44283 for each ton of NO<sub>x</sub>  
34 reduction attributed to a project or to the program as a whole. In  
35 calculating cost-effectiveness, one-time grants of funds made at  
36 the beginning of a project shall be annualized using a time value  
37 of public funds or discount rate determined for each project by the  
38 state board, taking into account the interest rate on bonds, interest  
39 earned by state funds, and other factors as determined appropriate  
40 by the state board. Cost-effectiveness shall be calculated by

1 dividing annualized costs by average annual emissions reduction  
2 of NO<sub>x</sub> in this state.

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

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

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

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

14 (9) “Fund” means the Carl Moyer Memorial Air Quality  
15 Standards Attainment Trust Fund created by Section 44299.

16 (10) “Mobile Source Air Pollution Reduction Review  
17 Committee” means the Mobile Source Air Pollution Reduction  
18 Review Committee created by Section 44244.

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

24 (12) “New very low emission vehicle” means a vehicle that  
25 qualifies as a very low emission vehicle when it is a new vehicle,  
26 where new vehicle has the same meaning as defined in Section  
27 430 of the Vehicle Code, or that is modified with the approval and  
28 warranty of the original equipment manufacturer to qualify as a  
29 very low emission vehicle within 12 months of delivery to an  
30 owner for private or commercial use.

31 (13) “NO<sub>x</sub>” means oxides of nitrogen.

32 (14) “Program” means the Carl Moyer Memorial Air Quality  
33 Standards Attainment Program created by subdivision (a) of  
34 Section 44280.

35 (15) “Repower” means replacing an engine with a different  
36 engine. The term repower, as used in this chapter, generally refers  
37 to replacing an older, uncontrolled engine with a new,  
38 emissions-certified engine, although replacing an older  
39 emissions-certified engine with a newer engine certified to lower  
40 emissions standards may be eligible for funding under this program.



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

4 (17) “Very low emission vehicle” means a vehicle with  
5 emissions significantly lower than otherwise applicable baseline  
6 emission standards or uncontrolled emission levels pursuant to  
7 Section 44282.

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

9 ~~SEC. 14.~~

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

13 44280. (a) There is hereby created the Carl Moyer Memorial  
14 Air Quality Standards Attainment Program. The program shall be  
15 administered by the state board in accordance with this chapter.  
16 The administration of the program may be delegated to the districts.

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

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

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

33 ~~SEC. 15.~~

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

37 44280. (a) There is hereby created the Carl Moyer Memorial  
38 Air Quality Standards Attainment Program. The program shall be  
39 administered by the state board in accordance with this chapter.  
40 The administration of the program may be delegated to the districts.

1 (b) The program shall provide grants to offset the incremental  
2 cost of projects that reduce emissions of NO<sub>x</sub> from covered sources  
3 in California. Eligibility for grant awards shall be determined by  
4 the state board, in consultation with the districts, in accordance  
5 with this chapter.

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

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

15 ~~SEC. 16.~~

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

19 44281. (a) Eligible projects include, but are not limited to, any  
20 of the following:

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

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

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

29 (4) Development and demonstration of practical, low-emission  
30 retrofit technologies, repower options, and advanced technologies  
31 for covered engines and vehicles with very low emissions of oxides  
32 of nitrogen.

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

36 (b) No project shall be funded under this chapter after the  
37 compliance date required by any local, state, or federal statute,  
38 rule, regulation, memoranda of agreement or understanding, or  
39 other legally binding document, except that an otherwise qualified  
40 project may be funded even if the state implementation plan

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

18 (c) The program may also provide funding toward installation  
19 of fueling or electrification infrastructure as provided in Section  
20 44284.

21 (d) Eligible applicants may be any individual, company, or  
22 public agency that owns one or more covered vehicles that operate  
23 primarily within California or otherwise contribute substantially  
24 to the NO<sub>x</sub>, PM, or ROG emissions inventory in California.

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

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

32 ~~SEC. 17:~~

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

36 44281. (a) Eligible projects are any of the following:

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

39 (2) Emission-reducing retrofit of covered engines, or  
40 replacement of old engines powering covered sources with newer

1 engines certified to more stringent emissions standards than the  
2 engine being replaced, or with electric motors or drives.

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

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

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

31 (c) The program may also provide funding toward installation  
32 of fueling or electrification infrastructure as provided in Section  
33 44284.

34 (d) Eligible applicants may be any individual, company, or  
35 public agency that owns one or more covered vehicles that operate  
36 primarily within California or otherwise contribute substantially  
37 to the NO<sub>x</sub> emissions inventory in California.

38 (e) It is the intent of the Legislature that all emission reductions  
39 generated by this chapter shall contribute to public health by

1 reducing, for the life of the vehicle being funded, the total amount  
2 of emissions in California.

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

4 ~~SEC. 18.~~

5 *SEC. 20.* Section 44282 of the Health and Safety Code, as  
6 amended by Section 8 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 Advanced Technology Account and the Infrastructure  
11 Demonstration Program:

12 (a) The state board may establish project criteria, including  
13 minimum project life for source categories, in the guidelines  
14 described in Section 44287. For previously unregulated source  
15 categories, project criteria shall consider the timing of newly  
16 established regulatory requirements.

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

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

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

26 (e) Repower projects that replace older, uncontrolled engines  
27 with new, emissions-certified engines or that replace  
28 emissions-certified engines with new engines certified to a more  
29 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
30 other applicable selection criteria. The state board shall determine  
31 appropriate baseline emission levels for the uncontrolled engines  
32 being replaced.

33 (f) For heavy-duty-vehicle projects, retrofit and add-on  
34 equipment projects shall document a NO<sub>x</sub> or PM emission  
35 reduction of at least 25 percent and no increase in other covered  
36 emissions compared to the applicable baseline emissions accepted  
37 by the state board for that engine year and application. The state  
38 board shall determine appropriate baseline emission levels.  
39 Acceptable documentation shall be defined by the state board.  
40 After study of available emission reduction technologies and after

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

5 (g) (1) For heavy-duty-vehicle projects involving the purchase  
6 of new very low or zero-emission vehicles, engines shall be  
7 certified to an optional low NO<sub>x</sub> emissions standard established  
8 by the state board, except as provided for in paragraph (2).

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

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

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

27 ~~SEC. 19.~~

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

31 44282. The following criteria apply to all projects to be funded  
32 through the program except for projects funded through the  
33 Advanced Technology Account and the Infrastructure  
34 Demonstration Program:

35 (a) Except for projects involving marine vessels, 75 percent or  
36 more of vehicle miles traveled or hours of operation shall be  
37 projected to be in California for at least five years following the  
38 grant award. Projects involving marine vessels and engines shall  
39 be limited to those that spend enough time operating in California  
40 air basins over the lifetime of the project to meet the

1 cost-effectiveness criteria based on NO<sub>x</sub> reductions in California,  
2 as provided in Section 44283.

3 (b) To be eligible, projects shall meet cost-effectiveness per ton  
4 of NO<sub>x</sub> reduced requirements of Section 44283.

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

9 (d) Retrofit technologies, new engines, and new vehicles shall  
10 be certified for sale or under experimental permit for operation in  
11 California.

12 (e) Repower projects that replace older, uncontrolled engines  
13 with new, emissions-certified engines or that replace  
14 emissions-certified engines with new engines certified to a more  
15 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
16 other applicable selection criteria. The state board shall determine  
17 appropriate baseline emission levels for the uncontrolled engines  
18 being replaced.

19 (f) Retrofit and add-on equipment projects shall document a  
20 NO<sub>x</sub> emission reduction of at least 25 percent and no increase in  
21 particulate emissions compared to the applicable baseline emissions  
22 accepted by the state board for that engine year and application.  
23 The state board shall determine appropriate baseline emission  
24 levels. Acceptable documentation shall be defined by the state  
25 board. After study of available emission reduction technologies  
26 and after public notice and comment, the state board may revise  
27 the minimum percentage NO<sub>x</sub> reduction criterion for retrofits and  
28 add-on equipment provided for in this section to improve the ability  
29 of the program to achieve its goals.

30 (g) (1) For projects involving the purchase of new very low or  
31 zero-emission vehicles, engines shall be certified to an optional  
32 low NO<sub>x</sub> emissions standard established by the state board, except  
33 as provided for in paragraph (2).

34 (2) For projects involving the purchase of new very low or  
35 zero-emission covered vehicles for which no optional low NO<sub>x</sub>  
36 emission standards are available, documentation shall be provided  
37 showing that the low or zero-emission engine emits not more than  
38 70 percent of the NO<sub>x</sub> or NO<sub>x</sub> plus hydrocarbon emissions of a  
39 new engine certified to the applicable baseline NO<sub>x</sub> or NO<sub>x</sub> plus  
40 hydrocarbon emission standard for that engine and meets applicable

1 particulate standards. The state board shall specify the  
2 documentation required. If no baseline emission standard exists  
3 for new vehicles in a particular category, the state board shall  
4 determine an appropriate baseline emission level for comparison.

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

6 ~~SEC. 20.~~

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

10 44283. (a) Grants shall not be made for projects with a  
11 cost-effectiveness, calculated in accordance with this section, of  
12 more than thirteen thousand six hundred dollars (\$13,600) per ton  
13 of NO<sub>x</sub> reduced in California or a higher value that reflects state  
14 consumer price index adjustments on or after January 1, 2006, as  
15 determined by the state board. For projects obtaining reactive  
16 organic gas and particulate matter reductions, the state board shall  
17 determine appropriate adjustment factors to calculate a weighted  
18 cost-effectiveness.

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

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

28 (d) The cost of the covered emission reduction is the amount  
29 of the grant from the program, including matching funds provided  
30 pursuant to subdivision (e) of Section 44287, plus any other state  
31 funds, or funds under the district's budget authority or fiduciary  
32 control, provided toward the project, not including funds described  
33 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
34 The state board shall establish reasonable methodologies for  
35 evaluating project cost-effectiveness, consistent with the definition  
36 contained in paragraph (4) of subdivision (a) of Section 44275,  
37 and with accepted methods, taking into account a fair and  
38 reasonable discount rate or time value of public funds.

39 (e) A grant shall not be made that, net of taxes, provides the  
40 applicant with funds in excess of the incremental cost of the project.



1 Incremental lease costs may be capitalized according to guidelines  
2 adopted by the state board so that these incremental costs may be  
3 offset by a one-time grant award.

4 (f) Funds under a district's budget authority or fiduciary control  
5 may be used to pay for the incremental cost of liquid or gaseous  
6 fuel, other than standard gasoline or diesel, which is integral to a  
7 covered emission reducing technology that is part of a project  
8 receiving grant funding under the program. The fuel shall be  
9 approved for sale by the state board. The incremental fuel cost  
10 over the expected lifetime of the vehicle may be offset by the  
11 district if the project as a whole, including the incremental fuel  
12 cost, meets all of the requirements of this chapter, including the  
13 maximum allowed cost-effectiveness. The state board shall develop  
14 an appropriate methodology for converting incremental fuel costs  
15 over the vehicle lifetime into an initial cost for the purposes of  
16 determining project cost-effectiveness. Incremental fuel costs shall  
17 not be included in project costs for fuels dispensed from any facility  
18 that was funded, in whole or in part, from the fund.

19 (g) For purposes of determining any grant amount pursuant to  
20 this chapter, the incremental cost of any new purchase, retrofit,  
21 repower, or add-on equipment shall be reduced by the value of  
22 any current financial incentive that directly reduces the project  
23 price, including any tax credits or deductions, grants, or other  
24 public financial assistance, not including funds described in  
25 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
26 Project proponents applying for funding shall be required to state  
27 in their application any other public financial assistance to the  
28 project.

29 (h) For projects that would repower off-road equipment by  
30 replacing uncontrolled diesel engines with new, certified diesel  
31 engines, the state board may establish maximum grant award  
32 amounts per repower. A repower project shall also be subject to  
33 the incremental cost maximum pursuant to subdivision (e).

34 (i) After study of available emission reduction technologies and  
35 costs and after public notice and comment, the state board may  
36 reduce the values of the maximum grant award criteria stated in  
37 this section to improve the ability of the program to achieve its  
38 goals. Every year the state board shall adjust the maximum  
39 cost-effectiveness amount established in subdivision (a) and any

1 per-project maximum set by the state board pursuant to subdivision  
2 (h) to account for inflation.

3 (j) 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. 21.~~

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

10 44283. (a) Grants shall not be made for projects with a  
11 cost-effectiveness, calculated in accordance with this section, of  
12 more than twelve thousand dollars (\$12,000) per ton of NO<sub>x</sub>  
13 reduced in California or a higher value that reflects state consumer  
14 price index adjustments on or after January 1, 2024, as determined  
15 by the state board.

16 (b) Only NO<sub>x</sub> reductions occurring in this state shall be included  
17 in the cost-effectiveness determination. The extent to which  
18 emissions generated at sea contribute to air quality in California  
19 nonattainment areas shall be incorporated into these methodologies  
20 based on a reasonable assessment of currently available information  
21 and modeling assumptions.

22 (c) The state board shall develop protocols for calculating the  
23 surplus NO<sub>x</sub> reductions in California from representative project  
24 types over the life of the project.

25 (d) The cost of the NO<sub>x</sub> reduction is the amount of the grant  
26 from the program, including matching funds provided pursuant to  
27 subdivision (e) of Section 44287, plus any other state funds, or  
28 funds under the district's budget authority or fiduciary control,  
29 provided toward the project, not including funds described in  
30 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The  
31 state board shall establish reasonable methodologies for evaluating  
32 project cost-effectiveness, consistent with the definition contained  
33 in paragraph (4) of subdivision (a) of Section 44275, and with  
34 accepted methods, taking into account a fair and reasonable  
35 discount rate or time value of public funds.

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

1 (f) Funds under a district’s budget authority or fiduciary control  
2 may be used to pay for the incremental cost of liquid or gaseous  
3 fuel, other than standard gasoline or diesel, which is integral to a  
4 NO<sub>x</sub> reducing technology that is part of a project receiving grant  
5 funding under the program. The fuel shall be approved for sale by  
6 the state board. The incremental fuel cost over the expected lifetime  
7 of the vehicle may be offset by the district if the project as a whole,  
8 including the incremental fuel cost, meets all of the requirements  
9 of this chapter, including the maximum allowed cost-effectiveness.  
10 The state board shall develop an appropriate methodology for  
11 converting incremental fuel costs over the vehicle lifetime into an  
12 initial cost for the purposes of determining project  
13 cost-effectiveness. Incremental fuel costs shall not be included in  
14 project costs for fuels dispensed from any facility that was funded,  
15 in whole or in part, from the fund.

16 (g) For purposes of determining any grant amount pursuant to  
17 this chapter, the incremental cost of any new purchase, retrofit,  
18 repower, or add-on equipment shall be reduced by the value of  
19 any current financial incentive that directly reduces the project  
20 price, including any tax credits or deductions, grants, or other  
21 public financial assistance, not including funds described in  
22 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
23 Project proponents applying for funding shall be required to state  
24 in their application any other public financial assistance to the  
25 project.

26 (h) For projects that would repower off-road equipment by  
27 replacing uncontrolled diesel engines with new, certified diesel  
28 engines, the state board may establish maximum grant award  
29 amounts per repower. A repower project shall also be subject to  
30 the incremental cost maximum pursuant to subdivision (e).

31 (i) After study of available emission reduction technologies and  
32 costs and after public notice and comment, the state board may  
33 reduce the values of the maximum grant award criteria stated in  
34 this section to improve the ability of the program to achieve its  
35 goals. Every year the state board shall adjust the maximum  
36 cost-effectiveness amount established in subdivision (a) and any  
37 per-project maximum set by the state board pursuant to subdivision  
38 (h) to account for inflation.

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

1     ~~SEC. 22.~~

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

5     44287. (a) The state board shall establish or update grant  
6 criteria and guidelines consistent with this chapter for covered  
7 vehicle projects as soon as practicable, but not later than January  
8 1, 2006. The adoption of guidelines is exempt from the rulemaking  
9 provisions of the Administrative Procedure Act, Chapter 3.5  
10 (commencing with Section 11340) of Part 1 of Division 3 of Title  
11 2 of the Government Code. The state board shall solicit input and  
12 comment from the districts during the development of the criteria  
13 and guidelines and shall make every effort to develop criteria and  
14 guidelines that are compatible with existing district programs that  
15 are also consistent with this chapter. Guidelines shall include  
16 protocols to calculate project cost-effectiveness. The grant criteria  
17 and guidelines shall include safeguards to ensure that the project  
18 generates surplus emissions reductions. Guidelines shall enable  
19 and encourage districts to cofund projects that provide emissions  
20 reductions in more than one district. The state board shall make  
21 draft criteria and guidelines available to the public 45 days before  
22 final adoption, and shall hold at least one public meeting to  
23 consider public comments before final adoption. The state board  
24 may develop separate guidelines and criteria for the different types  
25 of eligible projects described in subdivision (a) of Section 44281.

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

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

37     (d) The state board shall develop guidelines for a district to  
38 follow in applying for the reservation of funds, in accordance with  
39 this chapter. It is the intent of the Legislature that district  
40 administration of any reserved funds be in accordance with the

1 project selection criteria specified in Sections 44281, 44282, and  
2 44283 and all other provisions of this chapter. The guidelines shall  
3 be established and published by the state board as soon as  
4 practicable, but not later than January 1, 2006.

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

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

30 (g) Notwithstanding subdivision (e), a district need not provide  
31 matching funds for state board funds allocated to the district for  
32 program outreach activities pursuant to paragraph (4) of subdivision  
33 (a) of Section 44299.1.

34 (h) A district may include within its matching funds a reasonable  
35 estimate of direct or in-kind costs for assistance in providing  
36 program outreach and application evaluation. In-kind and direct  
37 matching funds shall not exceed 15 percent of the total matching  
38 funds offered by a district. A district may also include within its  
39 matching funds any money spent on or after February 25, 1999,

1 that would have qualified as matching funds but were not  
2 previously claimed as matching funds.

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

11 (j) Notwithstanding any other provision of this chapter, districts  
12 and the Mobile Source Air Pollution Reduction Review Committee  
13 shall not use funds collected pursuant to Section 41081 or Chapter  
14 7 (commencing with Section 44220), or pursuant to Section  
15 9250.11 of the Vehicle Code, as matching funds to fund a project  
16 with stationary or portable engines, locomotives, or marine vessels.

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

30 (l) The state board shall specify a date each year when district  
31 applications are due. If the eligible applications received in any  
32 year oversubscribe the available funds, the state board shall reserve  
33 funds on an allocation basis, pursuant to Section 44299.2. The  
34 state board may accept a district application after the due date for  
35 a period of months specified by the state board. Funds may be  
36 reserved in response to those applications, in accordance with this  
37 chapter, out of funds remaining after the original reservation of  
38 funds for the year.

39 (m) Guidelines for a district application shall require information  
40 from an applicant district to the extent necessary to meet the

1 requirements of this chapter, but shall otherwise minimize the  
2 information required of a district.

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

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

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

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

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

32 ~~SEC. 23:~~

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

36 44287. (a) The state board shall establish grant criteria and  
37 guidelines consistent with this chapter for covered vehicle projects  
38 as soon as practicable, but not later than January 1, 2000. The  
39 adoption of guidelines is exempt from the rulemaking provisions  
40 of the Administrative Procedure Act, Chapter 3.5 (commencing

1 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
2 Government Code. The state board shall solicit input and comment  
3 from the districts during the development of the criteria and  
4 guidelines and shall make every effort to develop criteria and  
5 guidelines that are compatible with existing district programs that  
6 are also consistent with this chapter. Guidelines shall include  
7 protocols to calculate project cost-effectiveness. The grant criteria  
8 and guidelines shall include safeguards to ensure that the project  
9 generates surplus emissions reductions. Guidelines shall enable  
10 and encourage districts to cofund projects that provide emissions  
11 reductions in more than one district. The state board shall make  
12 draft criteria and guidelines available to the public 45 days before  
13 final adoption, and shall hold at least one public meeting to  
14 consider public comments before final adoption.

15 (b) The state board, in consultation with the participating  
16 districts, may propose revisions to the criteria and guidelines  
17 established pursuant to subdivision (a) as necessary to improve  
18 the ability of the program to achieve its goals. A proposed revision  
19 shall be made available to the public 45 days before final adoption  
20 of the revision and the state board shall hold at least one public  
21 meeting to consider public comments before final adoption of the  
22 revision.

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

26 (d) The state board shall develop guidelines for a district to  
27 follow in applying for the reservation of funds, in accordance with  
28 this chapter. It is the intent of the Legislature that district  
29 administration of any reserved funds be in accordance with the  
30 project selection criteria specified in Sections 44281, 44282, and  
31 44283 and all other provisions of this chapter. The guidelines shall  
32 be established and published by the state board as soon as  
33 practicable, but not later than January 1, 2000.

34 (e) Funds shall be reserved by the state board for administration  
35 by a district that adopts an eligible program pursuant to this chapter  
36 and offers matching funds at a ratio of one dollar (\$1) of matching  
37 funds committed by the district or the Mobile Source Air Pollution  
38 Reduction Review Committee for every two dollars (\$2) committed  
39 from the fund. Funds available to the Mobile Source Air Pollution  
40 Reduction Review Committee may be counted as matching funds



1 for projects in the South Coast Air Basin only if the committee  
2 approves the use of these funds for matching purposes. Matching  
3 funds may be any funds under the district's budget authority that  
4 are committed to be expended in accordance with the program.  
5 Funds committed by a port authority or a local government, in  
6 cooperation with a district, to be expended in accordance with the  
7 program may also be counted as district matching funds. Matching  
8 funds provided by a port authority or a local government may not  
9 exceed 30 percent of the total required matching funds in any  
10 district that applies for more than three hundred thousand dollars  
11 (\$300,000) of the state board funds. Only a district, or a port  
12 authority or a local government teamed with a district, may provide  
13 matching funds.

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

19 (g) Notwithstanding subdivision (e), a district need not provide  
20 matching funds for state board funds allocated to the district for  
21 program outreach activities pursuant to paragraph (4) of subdivision  
22 (a) of Section 44299.1.

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

31 (i) A district desiring a reservation of funds shall apply to the  
32 state board following the application guidelines established  
33 pursuant to this section. The state board shall approve or disapprove  
34 a district application not later than 60 days after receipt. Upon  
35 approval of any district application, the state board shall  
36 simultaneously approve a reservation of funding for that district  
37 to administer. Reserved funds shall be disbursed to the district so  
38 that funding of a district-approved project is not impeded.

39 (j) Notwithstanding any other provision of this chapter, districts  
40 and the Mobile Source Air Pollution Reduction Review Committee

1 shall not use funds collected pursuant to Section 41081 or Chapter  
2 7 (commencing with Section 44220), or pursuant to Section  
3 9250.11 of the Vehicle Code, as matching funds to fund a project  
4 with stationary or portable engines, locomotives, or marine vessels.

5 (k) Any funds reserved for a district pursuant to this section are  
6 available to the district for a period of not more than two years  
7 from the time of reservation. Funds not expended by June 30 of  
8 the second calendar year following the date of the reservation shall  
9 revert back to the state board as of that June 30, and shall be  
10 deposited in the Covered Vehicle Account established pursuant to  
11 Section 44299. The funds may then be redirected based on  
12 applications to the fund. Regardless of any reversion of funds back  
13 to the state board, the district may continue to request other  
14 reservations of funds for local administration. Each reservation of  
15 funds shall be accounted for separately, and unused funds from  
16 each application shall revert back to the state board as specified  
17 in this subdivision.

18 (l) The state board shall specify a date each year when district  
19 applications are due. If the eligible applications received in any  
20 year oversubscribe the available funds, the state board shall reserve  
21 funds on an allocation basis, pursuant to subdivision (b) of Section  
22 44299.1. The state board may accept a district application after  
23 the due date for a period of months specified by the state board.  
24 Funds may be reserved in response to those applications, in  
25 accordance with this chapter, out of funds remaining after the  
26 original reservation of funds for the year.

27 (m) Guidelines for a district application shall require information  
28 from an applicant district to the extent necessary to meet the  
29 requirements of this chapter, but shall otherwise minimize the  
30 information required of a district.

31 (n) A district application shall be reviewed by the state board  
32 immediately upon receipt. If the state board determines that an  
33 application is incomplete, the applicant shall be notified within 10  
34 working days with an explanation of what is missing from the  
35 application. A completed application fulfilling the criteria shall be  
36 approved as soon as practicable, but not later than 60 working days  
37 after receipt.

38 (o) The state board, in consultation with the districts, shall  
39 establish project approval criteria and guidelines for infrastructure  
40 projects consistent with Section 44284 as soon as practicable, but

1 not later than February 15, 2000. The commission shall make draft  
2 criteria and guidelines available to the public 45 days before final  
3 adoption, and shall hold at least one public meeting to consider  
4 public comments before final adoption.

5 (p) The state board, in consultation with the participating  
6 districts, may propose revisions to the criteria and guidelines  
7 established pursuant to subdivision (o) as necessary to improve  
8 the ability of the program to achieve its goals. A revision may be  
9 proposed at any time, or may be proposed in response to a finding  
10 made in the annual report on the program published by the state  
11 board pursuant to Section 44295. A proposed revision shall be  
12 made available to the public 45 days before final adoption of the  
13 revision and the commission shall hold at least one public meeting  
14 to consider public comments before final adoption of the revision.

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

16 ~~SEC. 24.~~

17 *SEC. 26.* Section 44299.1 of the Health and Safety Code, as  
18 amended by Section 3 of Chapter 627 of the Statutes of 2006, is  
19 amended to read:

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

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

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

38 (3) The balance shall be deposited in the Covered Vehicle  
39 Account to be expended to offset added costs of new very low or  
40 zero-emission vehicle technologies, and emission reducing

1 repowers, retrofits, and add-on equipment for covered vehicles  
2 and engines, and other projects specified in Section 44281.

3 (b) Funds in the Covered Vehicle Account shall be allocated to  
4 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 Covered Vehicle  
7 Account 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 covered emission reductions in each  
10 district, specifically through the program.

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

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

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

24 ~~SEC. 25.~~

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

28 44299.1. (a) To ensure that emission reductions are obtained  
29 as needed from pollution sources, any money deposited in or  
30 appropriated to the fund shall be segregated and administered as  
31 follows:

32 (1) Ten percent, not to exceed two million dollars (\$2,000,000),  
33 shall be allocated to the Infrastructure Demonstration Project to  
34 be used pursuant to Section 44284.

35 (2) Ten percent shall be deposited in the Advanced Technology  
36 Account to be used to support research, development,  
37 demonstration, and commercialization of advanced low-emission  
38 technologies for covered sources that show promise of contributing  
39 to the goals of the program.

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

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

15 (5) The balance shall be deposited in the Covered Vehicle  
16 Account to be expended to offset added costs of new very low or  
17 zero-emission vehicle technologies, and emission reducing  
18 repowers, retrofits, and add-on equipment for covered vehicles  
19 and engines.

20 (b) Funds in the Covered Vehicle Account shall be allocated to  
21 a district that submits an eligible application to the state board  
22 pursuant to Section 44287. The state board shall determine the  
23 maximum amount of annual funding from the Covered Vehicle  
24 Account that each district may receive. This determination shall  
25 be based on the population in each district as well as the relative  
26 importance of obtaining NO<sub>x</sub> reductions in each district,  
27 specifically through the program.

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

29 ~~SEC. 26.~~

30 *SEC. 28.* Section 44299.2 of the Health and Safety Code is  
31 amended to read:

32 44299.2. Funds shall be allocated to local air pollution control  
33 and air quality management districts, and shall be subject to  
34 administrative terms and conditions as follows:

35 (a) Available funds shall be distributed to districts taking into  
36 consideration the population of the area, the severity of the air  
37 quality problems experienced by the population, and the historical  
38 allocation of the Carl Moyer Memorial Air Quality Standards  
39 Attainment Trust Fund, except that the south coast district shall  
40 be allocated a percentage of the total funds available to districts

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

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

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

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

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

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

35 (B) Each district shall be awarded severity points based on the  
36 annual diesel particulate emissions in the air basin, as determined  
37 by the state board. One point shall be awarded to the district, in  
38 increments, for each 1,000 tons of diesel particulate emissions. In  
39 making this determination, 0 to 999 tons shall be awarded no  
40 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to

1 2,999 tons shall be awarded two points, and so forth. If a district  
2 encompasses more than one air basin, the air basin with the greatest  
3 diesel particulate emissions shall be used to determine the points  
4 awarded to the district. The San Diego County Air Pollution  
5 Control District and the Imperial County Air Pollution Control  
6 District shall be awarded one additional point each to account for  
7 annual diesel particulate emissions transported from Mexico.

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

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

17 (3) The state board shall distribute 30 percent of the allocation  
18 amount to the districts in proportion to the allocation of funds from  
19 the Carl Moyer Memorial Air Quality Standards Attainment Trust  
20 Fund, as follows:

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

29 (B) Each district with a population that is greater than or equal  
30 to 1 percent of the state's population shall receive an additional  
31 allocation based on the population of the district and the district's  
32 relative share of emission reduction commitments in the state  
33 implementation plan to attain the National Ambient Air Quality  
34 Standard for ozone averaged over one hour. This additional  
35 allocation shall be calculated as a percentage share of the directed  
36 funds for each district, derived using a ratio of each district's share  
37 amount to the base amount, which shall be calculated as follows:

38 (i) The base amount shall be the total Carl Moyer program funds  
39 allocated by the state board to the districts in the 2002–03 fiscal

1 year, less the total of the funds allocated through the minimum  
2 allocation to each district in the 2002–03 fiscal year.

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

6 (iii) The percentage share shall be calculated for each district  
7 by dividing the district’s share amount by the base amount, and  
8 multiplying the result by the total directed funds available under  
9 this subparagraph.

10 (b) Funds shall be distributed as expeditiously as reasonably  
11 practicable, and a report of the distribution shall be made available  
12 to the public.

13 (c) All funds allocated pursuant to this section shall be expended  
14 as provided in the guidelines adopted pursuant to Section 44287  
15 within two years from the date of allocation. Funds not expended  
16 within the two years shall be returned to the Covered Vehicle  
17 Account within 60 days and shall be subject to further allocation  
18 as follows:

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

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

27 (3) All supplemental funds distributed under this subdivision  
28 shall be expended consistent with the Carl Moyer Air Quality  
29 Standards Attainment Program within one year of the date of  
30 supplemental allocation. Funds not expended within one year shall  
31 be returned to the Covered Vehicle Account and shall be distributed  
32 at the discretion of the state board to districts, taking into  
33 consideration of each district’s ability to expeditiously utilize the  
34 remaining funds consistent with the Carl Moyer Air Quality  
35 Standards Attainment Program.

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



1     ~~SEC. 27.~~

2     *SEC. 29.* Section 42885 of the Public Resources Code, as  
3 amended by Section 55 of Chapter 77 of the Statutes of 2006, is  
4 amended to read:

5     42885. (a) For purposes of this section, “California tire fee”  
6 means the fee imposed pursuant to this section.

7     (b) (1) Before January 1, 2015, a person who purchases a new  
8 tire, as defined in subdivision (g), shall pay a California tire fee  
9 of one dollar and seventy-five cents (\$1.75) per tire.

10     (2) On and after January 1, 2015, a person who purchases a new  
11 tire, as defined in subdivision (g), shall pay a California tire fee  
12 of one dollar and fifty cents (\$1.50) per tire.

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

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

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

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

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

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

21 (1) A self-propelled wheelchair.

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

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

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

31 ~~SEC. 28.~~

32 *SEC. 30.* Section 42885 of the Public Resources Code, as added  
33 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended  
34 to read:

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

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

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

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

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

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

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

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

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

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

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

8 (1) Any self-propelled wheelchair.

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

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

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

16 ~~SEC. 29.~~

17 *SEC. 31.* Section 42889 of the Public Resources Code, as  
18 amended by Section 3 of Chapter 333 of the Statutes of 2009, is  
19 amended to read:

20 42889. (a) Commencing January 1, 2005, of the moneys  
21 collected pursuant to Section 42885, an amount equal to  
22 seventy-five cents (\$0.75) per tire on which the fee is imposed  
23 shall be transferred by the State Board of Equalization to the Air  
24 Pollution Control Fund. The state board shall expend those moneys,  
25 or allocate those moneys to the districts for expenditure, to fund  
26 programs and projects that mitigate or remediate air pollution  
27 caused by tires in the state, to the extent that the state board or the  
28 applicable district determines that the program or project  
29 remediates air pollution harms created by tires upon which the fee  
30 described in Section 42885 is imposed.

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

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

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

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

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

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

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

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

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

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

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

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

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

13 ~~SEC. 30.~~

14 *SEC. 32.* Section 42889 of the Public Resources Code, as  
15 amended by Section 4 of Chapter 333 of the Statutes of 2009, is  
16 amended to read:

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

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

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

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

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

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

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

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

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

17 ~~SEC. 31.~~

18 *SEC. 33.* Section 9250.1 of the Vehicle Code is amended to  
19 read:

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

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

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

31 ~~SEC. 32.~~

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

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

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

4 ~~SEC. 33.~~

5 *SEC. 35.* Section 9250.2 of the Vehicle Code, as added by  
6 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended  
7 to read:

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

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

14 ~~SEC. 34.~~

15 *SEC. 36.* Section 9261.1 of the Vehicle Code is amended to  
16 read:

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

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

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

29 ~~SEC. 35.~~

30 *SEC. 37.* Section 9853.6 of the Vehicle Code is amended to  
31 read:

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

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



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

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

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

12 ~~SEC. 36.~~

13 *SEC. 38.* This act is an urgency statute necessary for the  
14 immediate preservation of the public peace, health, or safety within  
15 the meaning of Article IV of the Constitution and shall go into  
16 immediate effect. The facts constituting the necessity are:

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