

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN SENATE MAY 28, 2013

AMENDED IN SENATE MAY 15, 2013

AMENDED IN SENATE APRIL 18, 2013

**SENATE BILL**

**No. 11**

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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 Section 43018.9 to, *and to repeal Section 44299 of*, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 11, as amended, Pavley. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's

climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to develop and adopt an investment plan to determine priorities and opportunities for the program. Existing law also creates the Air Quality Improvement Program, administered by the State Air Resources Board, to fund air quality improvement projects related to fuel and vehicle technologies. *Existing law creates the enhanced fleet modernization program to provide compensation for the retirement of passenger vehicles, and light-duty and medium-duty trucks that are high polluters.*

This bill would provide that the *state* board, until January 1, 2024, has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any ~~person~~ *supplier, as defined*, to construct, operate, or provide funding for the construction or operation of any publicly available ~~hydrogen fueling~~ *hydrogen-fueling* station. The bill would require the board to aggregate and make available to the public, no later than ~~January 1, June 30, 2014~~, and every year thereafter, the number of hydrogen-fueled vehicles that ~~automobile~~ *motor vehicle* manufacturers project to be sold or leased over the next 3 years, as reported to the *state* board, and the number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles through April 30. The bill would require the commission to allocate \$20 million ~~each fiscal year~~ *annually*, as specified, until there are at least 100 publicly available ~~hydrogen fueling~~ *hydrogen-fueling* stations in California. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the board to jointly review and report on the progress toward establishing a ~~hydrogen fueling~~ *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~~ *2014*, would require the *state* board ~~and air districts~~, *in consultation with air pollution control and air quality management 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~~ *enhanced fleet modernization program* for the retirement of certain high polluting vehicles.

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

Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

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

(3) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment ~~Program (Carl Moyer program)~~, *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. *The bill also would delete obsolete references and make conforming changes to the Carl Moyer program.*

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

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

(5) Existing law authorizes each ~~air pollution control and air quality management district, or district,~~ that has been designated a ~~state~~ *federal* nonattainment area by the *state* board for any motor vehicle air pollutant, except the Sacramento *Metropolitan* Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that *air* district, as specified by the governing body of the *air* district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by ~~a~~ *an air* district, and requires the department, after deducting its administrative costs, to distribute the revenues to the *air* districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

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

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

This bill would, ~~on January 1, 2015~~, instead ~~establish~~ *set* the tire fee at ~~\$1.50~~ \$1.75 per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

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

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

(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,

1 in the surcharge adopted pursuant to subdivision (a), to exempt  
2 from all or part of the surcharge any category of low-emission  
3 motor vehicle.

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

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

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

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

19 (B) The new purchase, retrofit, repower, or add-on of equipment  
20 for previously unregulated agricultural sources of air pollution, as  
21 defined in Section 39011.5, within the Sacramento district, for a  
22 minimum of three years from the date of adoption of an applicable  
23 rule or standard, or until the compliance date of that rule or  
24 standard, whichever is later, if the state board has determined that  
25 the rule or standard complies with Sections 40913, 40914, and  
26 41503.1, after which period of time, a new purchase, retrofit,  
27 repower, or add-on of equipment shall not be funded pursuant to  
28 this chapter. The district shall follow any guidelines developed  
29 under subdivision (a) of Section 44287 for awarding grants under  
30 this program.

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

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

37 (E) The replacement of onboard natural gas fuel tanks on  
38 schoolbuses owned by a school district that are 14 years or older,  
39 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state  
2 board.

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

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

10 (f) A project funded by the program shall not be used for credit  
11 under any state or federal emissions averaging, banking, or trading  
12 program. An emission reduction generated by the program shall  
13 not be used as marketable emission reduction credits or to offset  
14 any emission reduction obligation of any person or entity. Projects  
15 involving new engines that would otherwise generate marketable  
16 credits under state or federal averaging, banking, and trading  
17 programs shall include transfer of credits to the engine end user  
18 and retirement of those credits toward reducing air emissions in  
19 order to qualify for funding under the program. A purchase of a  
20 low-emission vehicle or of equipment pursuant to a corporate or  
21 a controlling board's policy, but not otherwise required by law,  
22 shall generate surplus emissions reductions and may be funded by  
23 the program.

24 (g) 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. 2. Section 41081 of the Health and Safety Code, as added  
28 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended  
29 to read:

30 41081. (a) Subject to Article 3.7 (commencing with Section  
31 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the  
32 Government Code, or with the approval of the board of supervisors  
33 of each county included, in whole or in part, within the Sacramento  
34 district, the Sacramento district board may adopt a surcharge on  
35 the motor vehicle registration fees applicable to all motor vehicles  
36 registered in those counties within the Sacramento district whose  
37 boards of supervisors have adopted a resolution approving the  
38 surcharge. The surcharge shall be collected by the Department of  
39 Motor Vehicles and, after deducting the department's  
40 administrative costs, the remaining funds shall be transferred to

1 the Sacramento district. Prior to the adoption of any surcharge  
2 pursuant to this subdivision, the district board shall make a finding  
3 that any funds allocated to the district as a result of the adoption  
4 of a county transportation sales and use tax are insufficient to carry  
5 out the purposes of this chapter.

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

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

12 (d) Funds received by the Sacramento district pursuant to this  
13 section shall be used to implement the strategy with respect to the  
14 reduction in emissions from vehicular sources, including, but not  
15 limited to, a clean fuels program and motor vehicle use reduction  
16 measures. Not more than 5 percent of the funds collected pursuant  
17 to this section shall be used by the district for administrative  
18 expenses.

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

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

22 43018.9. (a) For purposes of this section, the following terms  
23 have the following meanings:

24 (1) “Commission” means the State Energy Resources  
25 Conservation and Development Commission.

26 (2) “Publicly available ~~hydrogen-fueling~~ *hydrogen-fueling*  
27 station” means the equipment used to store and dispense hydrogen  
28 fuel to vehicles according to industry codes and standards that is  
29 open to the public.

30 (b) (1) Notwithstanding any other law, the state board shall  
31 have no authority to enforce any element of its existing clean fuels  
32 outlet regulation or of any other regulation that requires or has the  
33 effect of requiring that any ~~person~~ *supplier, as defined in Section*  
34 *7338 of the Revenue and Taxation Code as in effect on May 22,*  
35 *2013,* construct, operate, or provide funding for the construction  
36 or operation of any publicly available ~~hydrogen-fueling~~  
37 *hydrogen-fueling* station.

38 (2) This subdivision shall become inoperative on January 1,  
39 2024.

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

3 (1) The number of hydrogen-fueled vehicles that motor vehicle  
4 manufacturers project to be sold or leased over the next three years  
5 as reported to the state board pursuant to the Low Emission Vehicle  
6 regulations, as currently established in ~~Section~~ *Sections* 1961 to  
7 1961.2, inclusive, of Title 13 of the California Code of Regulations.

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

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

13 (1) Evaluate the need for additional publicly available ~~hydrogen~~  
14 ~~fueling~~ *hydrogen-fueling* stations for the subsequent three years  
15 in terms of quantity of fuel needed for the actual and projected  
16 number of hydrogen-fueled vehicles, geographic areas where fuel  
17 will be needed, and station coverage.

18 (2) Report findings to the commission on the need for additional  
19 ~~public hydrogen fueling~~ *publicly available hydrogen-fueling*  
20 stations in terms of ~~numbers~~ *number* of stations, geographic areas  
21 where additional stations will be needed, and minimum operating  
22 standards, such as number of dispensers, filling protocols, and  
23 pressures.

24 (e) (1) The commission shall allocate twenty million dollars  
25 (\$20,000,000) annually to fund the number of stations identified  
26 pursuant to subdivision (d), not to exceed 20 percent of the moneys  
27 appropriated by the Legislature from the Alternative and  
28 Renewable Fuel and Vehicle ~~and~~ Technology Fund, established  
29 pursuant to Section 44273, until there are at least 100 publicly  
30 available ~~hydrogen fueling~~ *hydrogen-fueling* stations in operation  
31 in California.

32 (2) If the commission, in consultation with the state board,  
33 determines that the full amount identified in paragraph (1) is not  
34 needed to fund the number of stations identified by the state board  
35 pursuant to subdivision (d), the commission may allocate any  
36 remaining moneys to other projects, subject to the requirements  
37 of the Alternative and Renewable Fuel and Vehicle Technology  
38 Program pursuant to Article 2 (commencing with Section 44272)  
39 of Chapter 8.9.

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

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

15 (5) Notwithstanding paragraph (1), once the commission  
16 determines, in consultation with the state board, that the private  
17 sector is establishing publicly available ~~hydrogen-fueling~~  
18 *hydrogen-fueling* stations without the need for government support,  
19 the commission may cease providing funding for those stations.

20 (6) On or before December 31, 2015, and annually thereafter,  
21 the commission and the state board shall jointly review and report  
22 on progress toward establishing a ~~hydrogen-fueling~~  
23 *hydrogen-fueling* network that provides the coverage and capacity  
24 to fuel vehicles requiring hydrogen fuel that are being placed into  
25 operation in the state. The commission and the state board shall  
26 consider the following, including but not limited to, the available  
27 plans of automobile manufacturers to deploy hydrogen-fueled  
28 vehicles in California and their progress toward achieving those  
29 plans, the rate of deployment of hydrogen-fueled vehicles, the  
30 length of time required to permit and construct ~~hydrogen-fueling~~  
31 *hydrogen-fueling* stations, the coverage and capacity of the existing  
32 ~~hydrogen-fueling~~ *hydrogen-fueling* station network, and the amount  
33 and timing of growth in the fueling network to ensure fuel is  
34 available to these vehicles. The review shall also determine the  
35 remaining cost and timing to establish a network of 100 publicly  
36 available ~~hydrogen-fueling~~ *hydrogen-fueling* stations and whether  
37 funding from the Alternative and Renewable Fuel and Vehicle  
38 Technology Program remains necessary to achieve this goal.

39 (f) To assist in the implementation of this section and maximize  
40 the ability to deploy fueling infrastructure as rapidly as possible

1 with the assistance of private capital, the commission may design  
2 grants, loan incentive programs, revolving loan programs, and  
3 other forms of financial assistance. The commission also may enter  
4 into an agreement with the Treasurer to provide financial assistance  
5 to further the purposes of this section.

6 (g) Funds appropriated to the commission for the purposes of  
7 this section shall be available for encumbrance by the commission  
8 for up to four years from the date of the appropriation and for  
9 liquidation up to four years after expiration of the deadline to  
10 encumber.

11 (h) Notwithstanding any other law, the state board, in  
12 consultation with ~~air~~ districts, no later than July 1, ~~2013~~ 2014, shall  
13 convene working groups to evaluate the policies and goals  
14 contained within the Carl Moyer Memorial Air Quality Standards  
15 Attainment Program, pursuant to Section 44280, and Assembly  
16 Bill 923 (Chapter 707 of the Statutes of 2004).

17 SEC. 4. Section 44060.5 of the Health and Safety Code is  
18 amended to read:

19 44060.5. (a) Beginning July 1, 2008, the smog abatement fee  
20 described in subdivision (d) of Section 44060 shall be increased  
21 by eight dollars (\$8).

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

24 (1) The revenues generated by four dollars (\$4) shall be  
25 deposited in the Air Quality Improvement Fund created by Section  
26 44274.5.

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

30 (c) 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. 5. Section 44225 of the Health and Safety Code, as  
34 amended by Section 3 of Chapter 707 of the Statutes of 2004, is  
35 amended to read:

36 44225. A district may increase the fee established under Section  
37 44223 to up to six dollars (\$6). A district may increase the fee only  
38 if the following conditions are met:

39 (a) A resolution providing for both the fee increase and a  
40 corresponding program for expenditure of the increased fees for

1 the reduction of air pollution from motor vehicles pursuant to, and  
2 for related planning, monitoring, enforcement, and technical studies  
3 necessary for the implementation of, the California Clean Air Act  
4 of 1988 is adopted and approved by the governing board of the  
5 district.

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

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

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

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

19 44225. A district may increase the fee established under Section  
20 44223 to up to four dollars (\$4). A district may increase the fee  
21 only if the following conditions are met:

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

29 (b) In districts with nonelected officials on their governing  
30 boards, the resolution shall be adopted and approved by both a  
31 majority of the governing board and a majority of the board  
32 members who are elected officials.

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

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

37 SEC. 7. Section 44229 of the Health and Safety Code, as  
38 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is  
39 amended to read:

1 44229. (a) After deducting all administrative costs it incurs  
2 through collection of fees pursuant to Section 44227, the  
3 Department of Motor Vehicles shall distribute the revenues to  
4 districts, which shall use the revenues resulting from the first four  
5 dollars (\$4) of each fee imposed to reduce air pollution from motor  
6 vehicles and to carry out related planning, monitoring, enforcement,  
7 and technical studies necessary for implementation of the California  
8 Clean Air Act of 1988. Fees collected by the Department of Motor  
9 Vehicles pursuant to this chapter shall be distributed to districts  
10 based upon the amount of fees collected from motor vehicles  
11 registered within each district.

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

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

20 (2) The new purchase, retrofit, repower, or add-on equipment  
21 for previously unregulated agricultural sources of air pollution, as  
22 defined in Section 39011.5, for a minimum of three years from  
23 the date of adoption of an applicable rule or standard, or until the  
24 compliance date of that rule or standard, whichever is later, if the  
25 state board has determined that the rule or standard complies with  
26 Sections 40913, 40914, and 41503.1, after which period of time,  
27 a new purchase, retrofit, repower, or add-on of equipment shall  
28 not be funded pursuant to this chapter. The districts shall follow  
29 any guidelines developed under subdivision (a) of Section 44287  
30 for awarding grants under this program.

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

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

37 (5) The replacement of onboard natural gas fuel tanks on  
38 schoolbuses owned by a school district that are 14 years or older,  
39 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state  
2 board.

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

8 (c) The Department of Motor Vehicles may annually expend  
9 not more than 1 percent of the fees collected pursuant to Section  
10 44227 on administrative costs.

11 (d) A project funded by the program shall not be used for credit  
12 under any state or federal emissions averaging, banking, or trading  
13 program. An emission reduction generated by the program shall  
14 not be used as marketable emission reduction credits or to offset  
15 any emission reduction obligation of any person or entity. Projects  
16 involving new engines that would otherwise generate marketable  
17 credits under state or federal averaging, banking, and trading  
18 programs shall include transfer of credits to the engine end user  
19 and retirement of those credits toward reducing air emissions in  
20 order to qualify for funding under the program. A purchase of a  
21 low-emission vehicle or of equipment pursuant to a corporate or  
22 a controlling board's policy, but not otherwise required by law,  
23 shall generate surplus emissions reductions and may be funded by  
24 the program.

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

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

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

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

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

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

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

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

14 SEC. 9. Section 44270.3 of the Health and Safety Code is  
15 amended to read:

16 44270.3. For the purposes of this chapter, the following terms  
17 have the following meanings:

18 (a) “Benefit-cost score,” for the Alternative and Renewable Fuel  
19 and Vehicle Technology Program created pursuant to Section  
20 44272, means a project’s expected or potential greenhouse gas  
21 emissions reduction per dollar awarded by the commission to the  
22 project from the Alternative and Renewable Fuel and Vehicle  
23 Technology Fund.

24 (b) “Commission” means the State Energy Resources  
25 Conservation and Development Commission.

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

30 (1) Feedstock production, extraction, cultivation, transport, and  
31 storage, and the transportation and use of water and changes in  
32 land use and land cover therein.

33 (2) Fuel production, manufacture, distribution, marketing,  
34 transport, and storage, and the transportation and use of water  
35 therein.

36 (3) Vehicle operation, including refueling, combustion,  
37 conversion, permeation, and evaporation.

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

1 (e) For purposes of the Air Quality Improvement Program  
2 created pursuant to Section 44274, the following terms have the  
3 following meanings:

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

7 (2) “Project” means a category of investments identified for  
8 potential funding by the board, including, but not limited to,  
9 competitive grants, revolving loans, loan guarantees, loans,  
10 vouchers, rebates, and other appropriate funding measures for  
11 specific vehicles, equipment, technologies, or initiatives authorized  
12 by Section 44274.

13 SEC. 10. Section 44271 of the Health and Safety Code is  
14 amended to read:

15 44271. (a) This chapter creates the Alternative and Renewable  
16 Fuel and Vehicle Technology Program, pursuant to Section 44272,  
17 to be administered by the commission, and the Air Quality  
18 Improvement Program, pursuant to Section 44274, to be  
19 administered by the state board. The commission and the state  
20 board shall do all of the following in fulfilling their responsibilities  
21 pursuant to their respective programs:

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

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

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

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

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

8 (b) The state board, in consultation with the commission, shall  
9 develop and adopt guidelines for both the Alternative and  
10 Renewable Fuel and Vehicle Technology Program and the Air  
11 Quality Improvement Program to ensure that programs meet both  
12 of the following requirements:

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

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

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

29 (d) Any customer incentives for light-duty vehicles, including  
30 rebates, shall not be greater than compensations given to consumers  
31 pursuant to Section 44125.

32 SEC. 11. Section 44272 of the Health and Safety Code is  
33 amended to read:

34 44272. (a) The Alternative and Renewable Fuel and Vehicle  
35 Technology Program is hereby created. The program shall be  
36 administered by the commission. The commission shall implement  
37 the program by regulation pursuant to the requirements of Chapter  
38 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
39 Title 2 of the Government Code. The program shall provide, upon  
40 appropriation by the Legislature, competitive grants, revolving

1 loans, loan guarantees, loans, or other appropriate funding  
2 measures, to public agencies, vehicle and technology entities,  
3 businesses and projects, public-private partnerships, workforce  
4 training partnerships and collaboratives, fleet owners, consumers,  
5 recreational boaters, and academic institutions to develop and  
6 deploy innovative technologies that transform California's fuel  
7 and vehicle types to help attain the state's climate change policies.  
8 The emphasis of this program shall be to develop and deploy  
9 technology and alternative and renewable fuels in the marketplace,  
10 without adopting any one preferred fuel or technology.

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

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

22 (2) Amendments to a contract, grant, loan, or other agreement  
23 or award as long as the amendments do not increase the amount  
24 of the award, change the scope of the project, or modify the purpose  
25 of the agreement.

26 (c) The commission shall provide preferences to those projects  
27 that maximize the goals of the Alternative and Renewable Fuel  
28 and Vehicle Technology Program, based on the following criteria,  
29 as applicable:

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

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

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

38 (4) The project's ability to decrease, on a life-cycle basis, the  
39 discharge of water pollutants or any other substances known to  
40 damage human health or the environment, in comparison to the

1 production and use of California Phase 2 Reformulated Gasoline  
2 or diesel fuel produced and sold pursuant to California diesel fuel  
3 regulations set forth in Article 2 (commencing with Section 2280)  
4 of Chapter 5 of Division 3 of Title 13 of the California Code of  
5 Regulations.

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

8 (6) The project provides nonstate matching funds. Costs incurred  
9 from the date a proposed award is noticed may be counted as  
10 nonstate matching funds. The commission may adopt further  
11 requirements for the purposes of this paragraph. The commission  
12 is not liable for costs incurred pursuant to this paragraph if the  
13 commission does not give final approval for the project or the  
14 proposed recipient does not meet requirements adopted by the  
15 commission pursuant to this paragraph.

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

18 (8) The project uses existing or proposed fueling infrastructure  
19 to maximize the outcome of the project.

20 (9) The project's ability to reduce on a life-cycle assessment  
21 greenhouse gas emissions by at least 10 percent, and higher  
22 percentages in the future, from current reformulated gasoline and  
23 diesel fuel standards established by the state board.

24 (10) The project's use of alternative fuel blends of at least 20  
25 percent, and higher blend ratios in the future, with a preference  
26 for projects with higher blends.

27 (11) The project drives new technology advancement for  
28 vehicles, vessels, engines, and other equipment, and promotes the  
29 deployment of that technology in the marketplace.

30 (d) The commission shall rank applications for projects proposed  
31 for funding awards based on solicitation criteria developed in  
32 accordance with subdivision (c), and shall give additional  
33 preference to funding those projects with higher benefit-cost scores.

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

35 (1) Alternative and renewable fuel projects to develop and  
36 improve alternative and renewable low-carbon fuels, including  
37 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,  
38 hydrogen, and biomethane, among others, and their feedstocks  
39 that have high potential for long-term or short-term

1 commercialization, including projects that lead to sustainable  
2 feedstocks.

3 (2) Demonstration and deployment projects that optimize  
4 alternative and renewable fuels for existing and developing engine  
5 technologies.

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

8 (4) Projects to decrease the overall impact of an alternative and  
9 renewable fuel's life cycle carbon footprint and increase  
10 sustainability.

11 (5) Alternative and renewable fuel infrastructure, fueling  
12 stations, and equipment. The preference in paragraph (10) of  
13 subdivision (c) shall not apply to renewable diesel or biodiesel  
14 infrastructure, fueling stations, and equipment used solely for  
15 renewable diesel or biodiesel fuel.

16 (6) Projects to develop and improve light-, medium-, and  
17 heavy-duty vehicle technologies that provide for better fuel  
18 efficiency and lower greenhouse gas emissions, alternative fuel  
19 usage and storage, or emission reductions, including propulsion  
20 systems, advanced internal combustion engines with a 40 percent  
21 or better efficiency level over the current market standard,  
22 light-weight materials, intelligent transportation systems, energy  
23 storage, control systems and system integration, physical  
24 measurement and metering systems and software, development of  
25 design standards and testing and certification protocols, battery  
26 recycling and reuse, engine and fuel optimization electronic and  
27 electrified components, hybrid technology, plug-in hybrid  
28 technology, battery electric vehicle technology, fuel cell  
29 technology, and conversions of hybrid technology to plug-in  
30 technology through the installation of safety certified supplemental  
31 battery modules.

32 (7) Programs and projects that accelerate the commercialization  
33 of vehicles and alternative and renewable fuels including buy-down  
34 programs through near-market and market-path deployments,  
35 advanced technology warranty or replacement insurance,  
36 development of market niches, supply-chain development, and  
37 research related to the pedestrian safety impacts of vehicle  
38 technologies and alternative and renewable fuels.

39 (8) Programs and projects to retrofit medium- and heavy-duty  
40 onroad and nonroad vehicle fleets with technologies that create

1 higher fuel efficiencies, including alternative and renewable fuel  
2 vehicles and technologies, idle management technology, and  
3 aerodynamic retrofits that decrease fuel consumption.

4 (9) Infrastructure projects that promote alternative and renewable  
5 fuel infrastructure development connected with existing fleets,  
6 public transit, and existing transportation corridors, including  
7 physical measurement or metering equipment and truck stop  
8 electrification.

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

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

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

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

35 (f) The commission may make a single source or sole source  
36 award pursuant to this section for applied research. The same  
37 requirements set forth in Section 25620.5 of the Public Resources  
38 Code shall apply to awards made on a single source basis or a sole  
39 source basis. This subdivision does not authorize the commission

1 to make a single source or sole source award for a project or  
2 activity other than for applied research.

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

4 (1) Contract with the Treasurer to expend funds through  
5 programs implemented by the Treasurer, if the expenditure is  
6 consistent with all of the requirements of this article and Article  
7 1 (commencing with Section 44270).

8 (2) Contract with small business financial development  
9 corporations established by the Business, Transportation and  
10 Housing Agency to expend funds through the Small Business Loan  
11 Guarantee Program if the expenditure is consistent with all of the  
12 requirements of this article and Article 1 (commencing with Section  
13 44270).

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

16 (A) A public entity.

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

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

21 SEC. 12. Section 44273 of the Health and Safety Code is  
22 amended to read:

23 44273. (a) The Alternative and Renewable Fuel and Vehicle  
24 Technology Fund is hereby created in the State Treasury, to be  
25 administered by the commission. The moneys in the fund, upon  
26 appropriation by the Legislature, shall be expended by the  
27 commission to implement the Alternative and Renewable Fuel and  
28 Vehicle Technology Program in accordance with this chapter.

29 (b) Notwithstanding any other provision of law, the sum of ten  
30 million dollars (\$10,000,000) shall be transferred annually from  
31 the Public Interest Research, Development, and Demonstration  
32 Fund created by Section 384 of the Public Utilities Code to the  
33 Alternative and Renewable Fuel and Vehicle Technology Fund.  
34 Prior to the award of any funds from this source, the commission  
35 shall make a determination that the proposed project will provide  
36 benefits to electric or natural gas ratepayers based upon the  
37 commission's adopted criteria.

38 (c) Beginning with the integrated energy policy report adopted  
39 in 2011, and in the subsequent reports adopted thereafter, pursuant  
40 to Section 25302 of the Public Resources Code, the commission

1 shall include an evaluation of research, development, and  
2 deployment efforts funded by this chapter. The evaluation shall  
3 include all of the following:

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

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

10 (3) The overall contribution of the funded projects toward  
11 promoting a transition to a diverse portfolio of clean, alternative  
12 transportation fuels and reduced petroleum dependency in  
13 California.

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

16 (5) Recommendations for future actions.

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

19 44274. (a) The Air Quality Improvement Program is hereby  
20 created. The program shall be administered by the state board, in  
21 consultation with the districts. The state board shall develop  
22 guidelines to implement the program. Prior to the adoption of the  
23 guidelines, the state board shall hold at least one public hearing.  
24 In addition, the state board shall hold at least three public  
25 workshops with at least one workshop in northern California, one  
26 in the central valley, and one in southern California. The purpose  
27 of the program shall be to fund, upon appropriation by the  
28 Legislature, air quality improvement projects relating to fuel and  
29 vehicle technologies. The primary purpose of the program shall  
30 be to fund projects to reduce criteria air pollutants, improve air  
31 quality, and provide funding for research to determine and improve  
32 the air quality impacts of alternative transportation fuels and  
33 vehicles, vessels, and equipment technologies.

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

39 (1) Proposed or potential reduction of criteria or toxic air  
40 pollutants.

1 (2) Contribution to regional air quality improvement.

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

5 (4) Ability to achieve climate change benefits in addition to  
6 criteria pollutant or air toxic ~~emission~~ *emissions* reductions.

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

10 (6) Ability to leverage private capital investments.

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

15 (1) ~~On-~~*Onroad* and off-road equipment projects that are cost  
16 effective.

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

19 (3) Projects that provide research to determine the air quality  
20 impacts of alternative fuels and projects that study the life-cycle  
21 impacts of alternative fuels and conventional fuels, the emissions  
22 of biofuel and advanced reformulated gasoline blends, and air  
23 pollution improvements and control technologies for use with  
24 alternative fuels and vehicles.

25 (4) Projects that augment the University of California's  
26 agricultural experiment station and cooperative extension programs  
27 for research to increase sustainable biofuels production and  
28 improve the collection of biomass feedstock.

29 (5) Incentives for small off-road equipment replacement to  
30 encourage consumers to replace internal combustion engine lawn  
31 and garden equipment.

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

34 (A) Lower emission schoolbus programs.

35 (B) Electric, hybrid, and plug-in hybrid ~~on-~~ *onroad* and off-road  
36 medium- and heavy-duty equipment.

37 (C) Regional air quality improvement and attainment programs  
38 implemented by the state or districts in the most impacted regions  
39 of the state.

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

11 (8) Incentives to identify and reduce emissions from ~~high~~  
12 ~~emitting~~ *high-emitting* light-duty vehicles.

13 (d) (1) Beginning January 1, 2011, the state board shall submit  
14 to the Legislature a biennial report to evaluate the implementation  
15 of the Air Quality Improvement Program established pursuant to  
16 this chapter.

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

18 (A) A list of projects funded by the Air Quality Improvement  
19 Account.

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

22 (C) Improvement in air quality and public health, greenhouse  
23 gas emissions reductions, and the progress made toward achieving  
24 these benefits.

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

27 (E) Recommendations for future actions.

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

31 SEC. 14. Section 44275 of the Health and Safety Code, as  
32 amended by Section 5 of Chapter 707 of the Statutes of 2004, is  
33 amended to read:

34 44275. (a) As used in this chapter, the following terms have  
35 the following meanings:

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

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

39 (3) “Commission” means the State Energy Resources  
40 Conservation and Development Commission.

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

17 (5) “Covered emissions” include emissions of oxides of nitrogen,  
18 particulate matter, and reactive organic gases from any covered  
19 source.

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

22 (7) “Covered source” includes onroad vehicles, off-road  
23 nonrecreational equipment and vehicles, locomotives, diesel marine  
24 vessels, agricultural sources of air pollution, as defined in Section  
25 39011.5, and, as determined by the state board, other high-emitting  
26 engine categories.

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

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

31 (10) “Fund” means the ~~Carl Moyer Memorial Air Quality~~  
32 ~~Standards Attainment Trust Fund created by Section 44299. Air~~  
33 ~~Pollution Control Fund established pursuant to Section 43015.~~

34 (11) “Mobile Source Air Pollution Reduction Review  
35 Committee” means the Mobile Source Air Pollution Reduction  
36 Review Committee created by Section 44244.

37 (12) “Incremental cost” means the cost of the project less a  
38 baseline cost that would otherwise be incurred by the applicant in  
39 the normal course of business. Incremental costs may include

1 added lease or fuel costs pursuant to Section 44283 as well as  
2 incremental capital costs.

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

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

11 (15) “Program” means the Carl Moyer Memorial Air Quality  
12 Standards Attainment Program created by subdivision (a) of  
13 Section 44280.

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

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

23 (18) “Very low emission vehicle” means a heavy-duty vehicle  
24 with emissions significantly lower than otherwise applicable  
25 baseline emission standards or uncontrolled emission levels  
26 pursuant to Section 44282.

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

30 SEC. 15. Section 44275 of the Health and Safety Code, as  
31 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is  
32 amended to read:

33 44275. (a) As used in this chapter, the following terms have  
34 the following meanings:

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

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

38 (3) “Commission” means the State Energy Resources  
39 Conservation and Development Commission.

1 (4) “Cost-effectiveness” means dollars provided to a project  
2 pursuant to subdivision (d) of Section 44283 for each ton of NO<sub>x</sub>  
3 reduction attributed to a project or to the program as a whole. In  
4 calculating cost-effectiveness, one-time grants of funds made at  
5 the beginning of a project shall be annualized using a time value  
6 of public funds or discount rate determined for each project by the  
7 state board, taking into account the interest rate on bonds, interest  
8 earned by state funds, and other factors as determined appropriate  
9 by the state board. Cost-effectiveness shall be calculated by  
10 dividing annualized costs by average annual emissions reduction  
11 of NO<sub>x</sub> in this state.

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

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

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

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

23 (9) “Fund” means the ~~Carl Moyer Memorial Air Quality~~  
24 ~~Standards Attainment Trust Fund created by Section 44299. Air~~  
25 ~~Pollution Control Fund established pursuant to Section 43015.~~

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

29 (11) “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 (12) “New very low emission vehicle” means a vehicle that  
35 qualifies as a very low emission vehicle when it is a new vehicle,  
36 where new vehicle has the same meaning as defined in Section  
37 430 of the Vehicle Code, or that is modified with the approval and  
38 warranty of the original equipment manufacturer to qualify as a  
39 very low emission vehicle within 12 months of delivery to an  
40 owner for private or commercial use.

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

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

5 (15) “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 (16) “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 (17) “Very low emission vehicle” means a vehicle with  
15 emissions significantly lower than otherwise applicable baseline  
16 emission standards or uncontrolled emission levels pursuant to  
17 Section 44282.

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

19 SEC. 16. Section 44280 of the Health and Safety Code, as  
20 amended by Section 6 of Chapter 707 of the Statutes of 2004, is  
21 amended to read:

22 44280. (a) There is hereby created the Carl Moyer Memorial  
23 Air Quality Standards Attainment Program. The program shall be  
24 administered by the state board in accordance with this chapter.  
25 The administration of the program may be delegated to the districts.

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

31 (c) The program shall also provide funding for a fueling  
32 infrastructure demonstration program and for technology  
33 development efforts that are expected to result in commercially  
34 available technologies in the near term that would improve the  
35 ability of the program to achieve its goals. The infrastructure  
36 demonstration and technology development portions of the program  
37 shall be managed by the commission, in consultation with the state  
38 board.

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

4 SEC. 17. Section 44280 of the Health and Safety Code, as  
5 added by Section 6.5 of Chapter 707 of the Statutes of 2004, is  
6 amended to read:

7 44280. (a) There is hereby created the Carl Moyer Memorial  
8 Air Quality Standards Attainment Program. The program shall be  
9 administered by the state board in accordance with this chapter.  
10 The administration of the program may be delegated to the districts.

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

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

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

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

28 44281. (a) Eligible projects include, but are not limited to, any  
29 of the following:

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

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

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

38 (4) Development and demonstration of practical, low-emission  
39 retrofit technologies, repower options, and advanced technologies

1 for covered engines and vehicles with very low emissions of oxides  
2 of nitrogen: *NO<sub>x</sub>*.

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

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

28 (c) The program may also provide funding toward installation  
29 of fueling or electrification infrastructure as provided in Section  
30 44284.

31 (d) Eligible applicants may be any individual, company, or  
32 public agency that owns one or more covered vehicles that operate  
33 primarily within California or otherwise contribute substantially  
34 to the ~~NO<sub>x</sub>, PM, or ROG~~ *particulate matter (PM), or reactive*  
35 *organic gas (ROG)* emissions inventory in California.

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

1 (f) 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. 19. Section 44281 of the Health and Safety Code, as  
5 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is  
6 amended to read:

7 44281. (a) Eligible projects are any of the following:

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

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

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

16 (4) Development and demonstration of practical, low-emission  
17 retrofit technologies, repower options, and advanced technologies  
18 for covered engines and vehicles with very low emissions of ~~oxides~~  
19 ~~of nitrogen.~~ *NO<sub>x</sub>*.

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

1 otherwise required by law, shall generate surplus emissions  
2 reductions and may be funded by the program.

3 (c) The program may also provide funding toward installation  
4 of fueling or electrification infrastructure as provided in Section  
5 44284.

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

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

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

15 SEC. 20. Section 44282 of the Health and Safety Code, as  
16 amended by Section 8 of Chapter 707 of the Statutes of 2004, is  
17 amended to read:

18 44282. The following criteria apply to all projects to be funded  
19 through the program except for projects funded through the  
20 ~~Advanced Technology Account and the Infrastructure~~  
21 ~~Demonstration Program~~: *infrastructure demonstration program*:

22 (a) The state board may establish project criteria, including  
23 minimum project life for source categories, in the guidelines  
24 described in Section 44287. For previously unregulated source  
25 categories, project criteria shall consider the timing of newly  
26 established regulatory requirements.

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

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

33 (d) Retrofit technologies, new engines, and new vehicles shall  
34 be certified for sale or under experimental permit for operation in  
35 California.

36 (e) Repower projects that replace older, uncontrolled engines  
37 with new, emissions-certified engines or that replace  
38 emissions-certified engines with new engines certified to a more  
39 stringent NO<sub>x</sub> emissions standard are approvable subject to the  
40 other applicable selection criteria. The state board shall determine

1 appropriate baseline emission levels for the uncontrolled engines  
2 being replaced.

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

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

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

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

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

37 SEC. 21. Section 44282 of the Health and Safety Code, as  
38 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is  
39 amended to read:

1 44282. The following criteria apply to all projects to be funded  
2 through the program except for projects funded through the  
3 ~~Advanced Technology Account and the Infrastructure~~  
4 ~~Demonstration Program~~: *infrastructure demonstration program*:

5 (a) Except for projects involving marine vessels, 75 percent or  
6 more of vehicle miles traveled or hours of operation shall be  
7 projected to be in California for at least five years following the  
8 grant award. Projects involving marine vessels and engines shall  
9 be limited to those that spend enough time operating in California  
10 air basins over the lifetime of the project to meet the  
11 cost-effectiveness criteria based on NO<sub>x</sub> reductions in California,  
12 as provided in Section 44283.

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

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

19 (d) Retrofit technologies, new engines, and new vehicles shall  
20 be certified for sale or under experimental permit for operation in  
21 California.

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

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

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

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

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

17 SEC. 22. Section 44283 of the Health and Safety Code, as  
18 amended by Section 1 of Chapter 571 of the Statutes of 2010, is  
19 amended to read:

20 44283. (a) Grants shall not be made for projects with a  
21 cost-effectiveness, calculated in accordance with this section, of  
22 more than thirteen thousand six hundred dollars (\$13,600) per ton  
23 of NO<sub>x</sub> reduced in California or a higher value that reflects state  
24 consumer price index adjustments on or after January 1, 2006, as  
25 determined by the state board. For projects obtaining reactive  
26 organic gas and particulate matter reductions, the state board shall  
27 determine appropriate adjustment factors to calculate a weighted  
28 cost-effectiveness.

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

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

38 (d) The cost of the covered emission reduction is the amount  
39 of the grant from the program, including matching funds provided  
40 pursuant to subdivision (e) of Section 44287, plus any other state

1 funds, or funds under the district’s budget authority or fiduciary  
2 control, provided toward the project, not including funds described  
3 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
4 The state board shall establish reasonable methodologies for  
5 evaluating project cost-effectiveness, consistent with the definition  
6 contained in paragraph (4) of subdivision (a) of Section 44275,  
7 and with accepted methods, taking into account a fair and  
8 reasonable discount rate or time value of public funds.

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

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

29 (g) For purposes of determining any grant amount pursuant to  
30 this chapter, the incremental cost of any new purchase, retrofit,  
31 repower, or add-on equipment shall be reduced by the value of  
32 any current financial incentive that directly reduces the project  
33 price, including any tax credits or deductions, grants, or other  
34 public financial assistance, not including funds described in  
35 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.  
36 Project proponents applying for funding shall be required to state  
37 in their application any other public financial assistance to the  
38 project.

39 (h) For projects that would repower off-road equipment by  
40 replacing uncontrolled diesel engines with new, certified diesel

1 engines, the state board may establish maximum grant award  
2 amounts per repower. A repower project shall also be subject to  
3 the incremental cost maximum pursuant to subdivision (e).

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

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

15 SEC. 23. Section 44283 of the Health and Safety Code, as  
16 amended by Section 2 of Chapter 571 of the Statutes of 2010, is  
17 amended to read:

18 44283. (a) Grants shall not be made for projects with a  
19 cost-effectiveness, calculated in accordance with this section, of  
20 more than twelve thousand dollars (\$12,000) per ton of NO<sub>x</sub>  
21 reduced in California or a higher value that reflects state consumer  
22 price index adjustments on or after January 1, 2024, as determined  
23 by the state board.

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

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

33 (d) The cost of the NO<sub>x</sub> reduction is the amount of the grant  
34 from the program, including matching funds provided pursuant to  
35 subdivision (e) of Section 44287, plus any other state funds, or  
36 funds under the district's budget authority or fiduciary control,  
37 provided toward the project, not including funds described in  
38 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The  
39 state board shall establish reasonable methodologies for evaluating  
40 project cost-effectiveness, consistent with the definition contained

1 in paragraph (4) of subdivision (a) of Section 44275, and with  
2 accepted methods, taking into account a fair and reasonable  
3 discount rate or time value of public funds.

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

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

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

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

39 (i) After study of available emission reduction technologies and  
40 costs and after public notice and comment, the state board may

1 reduce the values of the maximum grant award criteria stated in  
2 this section to improve the ability of the program to achieve its  
3 goals. Every year the state board shall adjust the maximum  
4 cost-effectiveness amount established in subdivision (a) and any  
5 per-project maximum set by the state board pursuant to subdivision  
6 (h) to account for inflation.

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

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

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

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

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

4 (d) The state board shall develop guidelines for a district to  
5 follow in applying for the reservation of funds, in accordance with  
6 this chapter. It is the intent of the Legislature that district  
7 administration of any reserved funds be in accordance with the  
8 project selection criteria specified in Sections 44281, 44282, and  
9 44283 and all other provisions of this chapter. The guidelines shall  
10 be established and published by the state board as soon as  
11 practicable, but not later than January 1, 2006.

12 (e) Funds shall be reserved by the state board for administration  
13 by a district that adopts an eligible program pursuant to this chapter  
14 and offers matching funds at a ratio of one dollar (\$1) of matching  
15 funds committed by the district or the Mobile Source Air Pollution  
16 Reduction Review Committee for every two dollars (\$2) committed  
17 from the fund. Funds available to the Mobile Source Air Pollution  
18 Reduction Review Committee may be counted as matching funds  
19 for projects in the South Coast Air Basin only if the committee  
20 approves the use of these funds for matching purposes. Matching  
21 funds may be any funds under the district's budget authority that  
22 are committed to be expended in accordance with the program.  
23 Funds committed by a port authority or a local government, in  
24 cooperation with a district, to be expended in accordance with the  
25 program may also be counted as district matching funds. Matching  
26 funds provided by a port authority or a local government may not  
27 exceed 30 percent of the total required matching funds in any  
28 district that applies for more than three hundred thousand dollars  
29 (\$300,000) of the state board funds. Only a district, or a port  
30 authority or a local government teamed with a district, may provide  
31 matching funds.

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

37 (g) Notwithstanding subdivision (e), a district need not provide  
38 matching funds for state board funds allocated to the district for  
39 program outreach activities pursuant to paragraph (4) of subdivision  
40 (a) of Section 44299.1.

1 (h) A district may include within its matching funds a reasonable  
2 estimate of direct or in-kind costs for assistance in providing  
3 program outreach and application evaluation. In-kind and direct  
4 matching funds shall not exceed 15 percent of the total matching  
5 funds offered by a district. A district may also include within its  
6 matching funds any money spent on or after February 25, 1999,  
7 that would have qualified as matching funds but were not  
8 previously claimed as matching funds.

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

17 (j) Notwithstanding any other provision of this chapter, districts  
18 and the Mobile Source Air Pollution Reduction Review Committee  
19 shall not use funds collected pursuant to Section 41081 or Chapter  
20 7 (commencing with Section 44220), or pursuant to Section  
21 9250.11 of the Vehicle Code, as matching funds to fund a project  
22 with stationary or portable engines, locomotives, or marine vessels.

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

36 (l) The state board shall specify a date each year when district  
37 applications are due. If the eligible applications received in any  
38 year oversubscribe the available funds, the state board shall reserve  
39 funds on an allocation basis, pursuant to Section 44299.2. The  
40 state board may accept a district application after the due date for

1 a period of months specified by the state board. Funds may be  
2 reserved in response to those applications, in accordance with this  
3 chapter, out of funds remaining after the original reservation of  
4 funds for the year.

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

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

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

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

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

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

38 SEC. 25. Section 44287 of the Health and Safety Code, as  
39 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is  
40 amended to read:

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

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

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

31 (d) The state board shall develop guidelines for a district to  
32 follow in applying for the reservation of funds, in accordance with  
33 this chapter. It is the intent of the Legislature that district  
34 administration of any reserved funds be in accordance with the  
35 project selection criteria specified in Sections 44281, 44282, and  
36 44283 and all other provisions of this chapter. The guidelines shall  
37 be established and published by the state board as soon as  
38 practicable, but not later than January 1, 2000.

39 (e) Funds shall be reserved by the state board for administration  
40 by a district that adopts an eligible program pursuant to this chapter

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

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

24 (g) Notwithstanding subdivision (e), a district need not provide  
25 matching funds for state board funds allocated to the district for  
26 program outreach activities pursuant to paragraph (4) of subdivision  
27 (a) of Section 44299.1.

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

36 (i) A district desiring a reservation of funds shall apply to the  
37 state board following the application guidelines established  
38 pursuant to this section. The state board shall approve or disapprove  
39 a district application not later than 60 days after receipt. Upon  
40 approval of any district application, the state board shall

1 simultaneously approve a reservation of funding for that district  
2 to administer. Reserved funds shall be disbursed to the district so  
3 that funding of a district-approved project is not impeded.

4 (j) Notwithstanding any other provision of this chapter, districts  
5 and the Mobile Source Air Pollution Reduction Review Committee  
6 shall not use funds collected pursuant to Section 41081 or Chapter  
7 7 (commencing with Section 44220), or pursuant to Section  
8 9250.11 of the Vehicle Code, as matching funds to fund a project  
9 with stationary or portable engines, locomotives, or marine vessels.

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

23 (l) The state board shall specify a date each year when district  
24 applications are due. If the eligible applications received in any  
25 year oversubscribe the available funds, the state board shall reserve  
26 funds on an allocation basis, pursuant to subdivision (b) of Section  
27 44299.1. The state board may accept a district application after  
28 the due date for a period of months specified by the state board.  
29 Funds may be reserved in response to those applications, in  
30 accordance with this chapter, out of funds remaining after the  
31 original reservation of funds for the year.

32 (m) Guidelines for a district application shall require information  
33 from an applicant district to the extent necessary to meet the  
34 requirements of this chapter, but shall otherwise minimize the  
35 information required of a district.

36 (n) A district application shall be reviewed by the state board  
37 immediately upon receipt. If the state board determines that an  
38 application is incomplete, the applicant shall be notified within 10  
39 working days with an explanation of what is missing from the  
40 application. A completed application fulfilling the criteria shall be

1 approved as soon as practicable, but not later than 60 working days  
2 after receipt.

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

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

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

21 *SEC. 26. Section 44299 of the Health and Safety Code is*  
22 *repealed.*

23 ~~44299. (a) The Carl Moyer Memorial Air Quality Standards~~  
24 ~~Attainment Trust Fund is hereby created in the State Treasury.~~  
25 ~~The Controller shall transfer any unencumbered funds appropriated~~  
26 ~~to the commission or the state board for the diesel emissions~~  
27 ~~reduction incentive program by Items 3360-001-0314 and~~  
28 ~~3900-001-0001 of Section 2.00 of the Budget Act of 1998 (Ch.~~  
29 ~~324, Stats. 1998), and Items 3360-001-0314, 3360-001-0001,~~  
30 ~~3360-001-0465, 3900-001-0001, and 3900-001-0115 of Section~~  
31 ~~2.00 of the Budget Act of 1999 (Ch. 50, Stats. 1999), to the trust~~  
32 ~~fund. The money in the trust fund shall be available upon~~  
33 ~~appropriation by the Legislature to carry out the purposes of this~~  
34 ~~chapter.~~

35 ~~(b) To ensure that emission reductions are obtained as needed~~  
36 ~~from air pollution sources, the following accounts are hereby~~  
37 ~~created in the trust fund:~~

38 ~~(1) The Covered Vehicle Account.~~

39 ~~(2) The Advanced Technology Account.~~

1 ~~(e) Notwithstanding Sections 16475, 16475.1, and 16480.6 of~~  
2 ~~the Government Code, all of the interest earned on money in the~~  
3 ~~trust fund shall be deposited in the trust fund.~~

4 ~~SEC. 26.~~

5 *SEC. 27.* Section 44299.1 of the Health and Safety Code, as  
6 amended by Section 3 of Chapter 627 of the Statutes of 2006, is  
7 amended to read:

8 44299.1. (a) To ensure that emission reductions are obtained  
9 as needed from pollution sources, any ~~money~~ *moneys* deposited  
10 *in the fund for use by the program* or appropriated to the ~~fund~~  
11 *program* shall be segregated and administered as follows:

12 (1) Not more than 2 percent of the moneys in the fund *for use*  
13 *by the program* shall be allocated to program support and outreach  
14 costs incurred by the state board and the commission directly  
15 associated with implementing the program pursuant to this chapter.  
16 These funds shall be allocated to the state board and the  
17 commission in proportion to total program funds administered by  
18 the state board and the commission.

19 (2) Not more than 2 percent of the moneys in the fund *for use*  
20 *by the program* shall be allocated to direct program outreach  
21 activities. The state board may use these funds for program  
22 outreach contracts or may allocate outreach funds to participating  
23 ~~air~~ districts in proportion to each district's allocation from the  
24 ~~Covered Vehicle Account~~ *program moneys in the fund*. The state  
25 board shall report on the use of outreach funds in their reports to  
26 the Legislature pursuant to Section 44295.

27 (3) The balance shall be deposited in the ~~Covered Vehicle~~  
28 ~~Account~~ *fund* to be expended to offset added costs of new very  
29 low or zero-emission vehicle technologies, and emission reducing  
30 repowers, retrofits, and add-on equipment for covered vehicles  
31 and engines, and other projects specified in Section 44281.

32 (b) ~~Funds in the Covered Vehicle Account~~ *Moneys in the fund*  
33 shall be allocated to a district that submits an eligible application  
34 to the state board pursuant to Section 44287. The state board shall  
35 determine the maximum amount of annual funding from the  
36 ~~Covered Vehicle Account~~ *fund for use by the program* that each  
37 district may receive. This determination shall be based on the  
38 population in each district as well as the relative importance of  
39 obtaining covered emission reductions in each district, specifically  
40 through the program.

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

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

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

14 ~~SEC. 27:~~

15 *SEC. 28.* Section 44299.1 of the Health and Safety Code, as  
16 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is  
17 amended to read:

18 44299.1. (a) To ensure that emission reductions are obtained  
19 as needed from pollution sources, any ~~money~~ *moneys* deposited  
20 in *the fund for use by the program* or appropriated to the ~~fund~~  
21 *program* shall be segregated and administered as follows:

22 (1) Ten percent, not to exceed two million dollars (\$2,000,000),  
23 shall be allocated to the ~~Infrastructure Demonstration Project~~  
24 *infrastructure demonstration project* to be used pursuant to Section  
25 44284.

26 (2) Ten percent shall be deposited in the ~~Advanced Technology~~  
27 ~~Account~~ *fund for use by the program* to be used to support research,  
28 development, demonstration, and commercialization of advanced  
29 low-emission technologies for covered sources that show promise  
30 of contributing to the goals of the program.

31 (3) Not more than 2 percent of the moneys in the *fund for use*  
32 *by the program* shall be allocated to program support and outreach  
33 costs incurred by the state board and the commission directly  
34 associated with implementing the program pursuant to this chapter.  
35 These funds shall be allocated to the state board and the  
36 commission in proportion to total program funds administered by  
37 the state board and the commission.

38 (4) Not more than 2 percent of the moneys in the *fund for use*  
39 *by the program* shall be allocated to direct program outreach  
40 activities. The state board may use these funds for program

1 outreach contracts or may allocate outreach funds to participating  
2 air districts in proportion to each district's allocation from the  
3 ~~Covered Vehicle Account~~. *fund for use by the program*. The state  
4 board shall report on the use of outreach funds in their reports to  
5 the Legislature pursuant to Section 44295.

6 (5) The balance shall be deposited in the ~~Covered Vehicle~~  
7 ~~Account~~ *fund for use by the program* to be expended to offset  
8 added costs of new very low or zero-emission vehicle technologies,  
9 and emission reducing repowers, retrofits, and add-on equipment  
10 for covered vehicles and engines.

11 (b) ~~Funds in the Covered Vehicle Account~~ *Moneys in the fund*  
12 *for use by the program* shall be allocated to a district that submits  
13 an eligible application to the state board pursuant to Section 44287.  
14 The state board shall determine the maximum amount of annual  
15 funding from the ~~Covered Vehicle Account~~ *fund for use by the*  
16 *program* that each district may receive. This determination shall  
17 be based on the population in each district as well as the relative  
18 importance of obtaining NO<sub>x</sub> reductions in each district,  
19 specifically through the program.

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

21 ~~SEC. 28.~~

22 *SEC. 29.* Section 44299.2 of the Health and Safety Code is  
23 amended to read:

24 44299.2. Funds shall be allocated to ~~local air pollution control~~  
25 ~~and air quality management~~ districts, and shall be subject to  
26 administrative terms and conditions as follows:

27 (a) Available funds shall be distributed to districts taking into  
28 consideration the population of the area, the severity of the air  
29 quality problems experienced by the population, and the historical  
30 allocation of the ~~Carl Moyer Memorial Air Quality Standards~~  
31 ~~Attainment Trust Fund~~, *program funds*, except that the south coast  
32 district shall be allocated a percentage of the total funds available  
33 to districts that is proportional to the percentage of the total state  
34 population residing within the jurisdictional boundaries of that  
35 district. For the purposes of this subdivision, population shall be  
36 determined by the state board based on the most recent data  
37 provided by the Department of Finance. The allocation to the south  
38 coast district shall be subtracted from the total funds available to  
39 districts. Each district, except the south coast district, shall be  
40 awarded a minimum allocation of two hundred thousand dollars

1 (\$200,000), and the remainder, which shall be known as the  
2 “allocation amount,” shall be allocated to all districts as follows:

3 (1) The state board shall distribute 35 percent of the allocation  
4 amount to the districts in proportion to the percentage of the total  
5 residual state population that resides within each district’s  
6 boundaries. For purposes of this paragraph, “total residual state  
7 population” means the total state population, less the total  
8 population that resides within the south coast district.

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

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

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

20 (ii) A district that is designated nonattainment for the federal  
21 eight-hour ozone standard shall be awarded severity points based  
22 on classification. Two points shall be awarded for transitional,  
23 basic, or marginal classifications, three points for moderate  
24 classification, four points for serious classification, five points for  
25 severe classification, six points for severe-17 classification, and  
26 seven points for extreme classification.

27 (B) Each district shall be awarded severity points based on the  
28 annual diesel particulate emissions in the air basin, as determined  
29 by the state board. One point shall be awarded to the district, in  
30 increments, for each 1,000 tons of diesel particulate emissions. In  
31 making this determination, 0 to 999 tons shall be awarded no  
32 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to  
33 2,999 tons shall be awarded two points, and so forth. If a district  
34 encompasses more than one air basin, the air basin with the greatest  
35 diesel particulate emissions shall be used to determine the points  
36 awarded to the district. The San Diego County Air Pollution  
37 Control District and the Imperial County Air Pollution Control  
38 District shall be awarded one additional point each to account for  
39 annual diesel particulate emissions transported from Mexico.

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

5 (D) The local air quality exposure index for each district shall  
6 be summed together to yield a total state exposure index. Funds  
7 shall be allocated under this paragraph to each district in proportion  
8 to its local air quality exposure index divided by the total state  
9 exposure index.

10 (3) The state board shall distribute 30 percent of the allocation  
11 amount to the districts in proportion to the allocation of funds from  
12 ~~the Carl Moyer Memorial Air Quality Standards Attainment Trust~~  
13 ~~Fund~~, *program moneys in the fund*, as follows:

14 (A) Because each district is awarded a minimum allocation  
15 pursuant to subdivision (a), there shall be no additional minimum  
16 allocation from the ~~Carl Moyer program~~ historical allocation funds.  
17 The total amount allocated in this way shall be subtracted from  
18 total funding previously awarded to the district under the ~~Carl~~  
19 ~~Moyer Memorial Air Quality Standards Attainment Program~~,  
20 *program*, and the remainder, which shall be known as directed  
21 funds, shall be allocated pursuant to subparagraph (B).

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

31 (i) The base amount shall be the total ~~Carl Moyer~~ program funds  
32 allocated by the state board to the districts in the 2002–03 fiscal  
33 year, less the total of the funds allocated through the minimum  
34 allocation to each district in the 2002–03 fiscal year.

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

38 (iii) The percentage share shall be calculated for each district  
39 by dividing the district's share amount by the base amount, and

1 multiplying the result by the total directed funds available under  
2 this subparagraph.

3 (b) Funds shall be distributed as expeditiously as reasonably  
4 practicable, and a report of the distribution shall be made available  
5 to the public.

6 (c) All funds allocated pursuant to this section shall be expended  
7 as provided in the guidelines adopted pursuant to Section 44287  
8 within two years from the date of allocation. Funds not expended  
9 within the two years shall be returned to the ~~Covered Vehicle~~  
10 ~~Account~~ *program moneys in the fund* within 60 days and shall be  
11 subject to further allocation as follows:

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

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

20 (3) All supplemental funds distributed under this subdivision  
21 shall be expended consistent with the ~~Carl Moyer Air Quality~~  
22 ~~Standards Attainment Program~~ *program* within one year of the  
23 date of supplemental allocation. Funds not expended within one  
24 year shall be returned to the ~~Covered Vehicle Account~~ *program*  
25 *moneys in the fund* and shall be distributed at the discretion of the  
26 state board to districts, taking into consideration of each district's  
27 ability to expeditiously utilize the remaining funds consistent with  
28 the ~~Carl Moyer Air Quality Standards Attainment Program~~  
29 *program*.

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. 29.~~

34 *SEC. 30.* Section 42885 of the Public Resources Code, as  
35 amended by Section 55 of Chapter 77 of the Statutes of 2006, is  
36 amended to read:

37 42885. (a) For purposes of this section, "California tire fee"  
38 means the fee imposed pursuant to this section.

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

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

7 ~~(3)~~

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

12 ~~(4)~~

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

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

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

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

37 (f) In addition to the civil penalty that may be imposed pursuant  
38 to subdivision (e), the ~~board~~ *department* may impose an  
39 administrative penalty in an amount not to exceed five thousand  
40 dollars (\$5,000) for each violation of a separate provision or, for

1 continuing violations, for each day that the violation continues,  
2 on a person who intentionally or negligently violates a permit,  
3 rule, regulation, standard, or requirement issued or adopted  
4 pursuant to this chapter. The ~~board~~ *department* shall adopt  
5 regulations that specify the amount of the administrative penalty  
6 and the procedure for imposing an administrative penalty pursuant  
7 to this subdivision.

8 (g) For purposes of this section, “new tire” means a pneumatic  
9 or solid tire intended for use with onroad or off-road motor  
10 vehicles, motorized equipment, construction equipment, or farm  
11 equipment that is sold separately from the motorized equipment,  
12 or a new tire sold with a new or used motor vehicle, as defined in  
13 Section 42803.5, including the spare tire, construction equipment,  
14 or farm equipment. “New tire” does not include retreaded, reused,  
15 or recycled tires.

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

18 (1) A self-propelled wheelchair.

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

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

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

28 ~~SEC. 30.~~

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

32 42885. (a) For purposes of this section, “California tire fee”  
33 means the fee imposed pursuant to this section.

34 (b) (1) Every person who purchases a new tire, as defined in  
35 subdivision (g), shall pay a California tire fee of seventy-five cents  
36 (\$0.75) per tire.

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

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

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

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

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

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

35 (g) For purposes of this section, “new tire” means a pneumatic  
36 or solid tire intended for use with onroad or off-road motor  
37 vehicles, motorized equipment, construction equipment, or farm  
38 equipment that is sold separately from the motorized equipment,  
39 or a new tire sold with a new or used motor vehicle, as defined in  
40 Section 42803.5, including the spare tire, construction equipment,

1 or farm equipment. “New tire” does not include retreaded, reused,  
2 or recycled tires.

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

5 (1) Any self-propelled wheelchair.

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

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

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

13 ~~SEC. 31.~~

14 *SEC. 32.* Section 42889 of the Public Resources Code, as  
15 amended by Section 3 of Chapter 333 of the Statutes of 2009, is  
16 amended to read:

17 ~~42889.~~ (a) ~~Commencing January 1, 2005, of~~ *Of* the moneys  
18 collected pursuant to Section 42885, an amount equal to  
19 seventy-five cents (\$0.75) per tire on which the fee is imposed  
20 shall be transferred by the State Board of Equalization to the Air  
21 Pollution Control Fund. The state board shall expend those moneys,  
22 or allocate those moneys to the districts for expenditure, to fund  
23 programs and projects that mitigate or remediate air pollution  
24 caused by tires in the state, to the extent that the state board or the  
25 applicable district determines that the program or project  
26 remediates air pollution harms created by tires upon which the fee  
27 described in Section 42885 is imposed.

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

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

39 (2) To pay the costs of administration associated with collection,  
40 making refunds, and auditing revenues in the fund, not to exceed

1 3 percent of the total revenue deposited in the fund, as provided  
2 in subdivision (c) of Section 42885.

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

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

22 (5) To pay the costs of cleanup, abatement, removal, or other  
23 remedial action related to waste tire stockpiles throughout the state,  
24 including all approved costs incurred by other public agencies  
25 involved in these activities by contract with the ~~board~~ *department*.  
26 Not less than six million five hundred thousand dollars  
27 (\$6,500,000) shall be expended by the ~~board~~ *department* during  
28 each of the following fiscal years for this purpose: 2001–02 to  
29 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~~ *department's* expenditure  
34 of funds for purposes of this subdivision shall reflect the priorities  
35 for waste management practices specified in subdivision (a) of  
36 Section 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. 32.~~

14 *SEC. 33.* 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~~ *department* in the annual Budget Act. The moneys in  
19 the fund shall be expended for the payment of refunds under this  
20 chapter 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~~ *department* shall consider designating a  
34 city, county, or city and county as the enforcement authority of  
35 regulations relating to the storage of waste tires and used tires, as  
36 provided in subdivision (c) of Section 42850, and regulations  
37 relating to the hauling of waste and used tires, as provided in  
38 subdivision (b) of Section 42963. If the ~~board~~ *department*  
39 designates a local entity for that purpose, the ~~board~~ *department*  
40 shall provide sufficient, stable, and noncompetitive funding to that

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

8 (e) To pay the costs of cleanup, abatement, removal, or other  
9 remedial action related to waste tire stockpiles throughout the state,  
10 including all approved costs incurred by other public agencies  
11 involved in these activities by contract with the ~~board~~ department.  
12 Not less than six million five hundred thousand dollars  
13 (\$6,500,000) shall be expended by the ~~board~~ department during  
14 each of the following fiscal years for this purpose: 2001–02 to  
15 2006–07, inclusive.

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

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

19 ~~SEC. 33.~~

20 *SEC. 34.* Section 9250.1 of the Vehicle Code is amended to  
21 read:

22 9250.1. (a) Beginning July 1, 2008, the fee described in Section  
23 9250 shall be increased by three dollars (\$3).

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

30 (c) 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. 34.~~

34 *SEC. 35.* Section 9250.2 of the Vehicle Code, as amended by  
35 Section 15 of Chapter 707 of the Statutes of 2004, is amended to  
36 read:

37 9250.2. (a) The department, if requested by the Sacramento  
38 Metropolitan Air Quality Management District pursuant to Section  
39 41081 of the Health and Safety Code, shall impose and collect a  
40 surcharge on the registration fees for every motor vehicle registered

1 in that district, not to exceed the amount of six dollars (\$6), as  
2 specified by the governing body of that district.

3 (b) 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. 35.~~

7 *SEC. 36.* Section 9250.2 of the Vehicle Code, as added by  
8 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended  
9 to read:

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

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

16 ~~SEC. 36.~~

17 *SEC. 37.* Section 9261.1 of the Vehicle Code is amended to  
18 read:

19 9261.1. (a) Beginning July 1, 2008, the fee described in Section  
20 9261, as adjusted pursuant to Section 1678, shall be increased by  
21 five dollars (\$5).

22 (b) Two dollars and fifty cents (\$2.50) of the increase shall be  
23 deposited into the Alternative and Renewable Fuel and Vehicle  
24 Technology Fund created by Section 44273 of the Health and  
25 Safety Code, and two dollars and fifty cents (\$2.50) shall be  
26 deposited into the Air Quality Improvement Fund created by  
27 Section 44274.5 of the Health 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. 37.~~

32 *SEC. 38.* Section 9853.6 of the Vehicle Code is amended to  
33 read:

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

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

1 dollars (\$5) shall be deposited into the Air Quality Improvement  
2 Fund created by Section 44274.5 of the Health and Safety Code.

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

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

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

14 ~~SEC. 38.~~

15 *SEC. 39.* This act is an urgency statute necessary for the  
16 immediate preservation of the public peace, health, or safety within  
17 the meaning of Article IV of the Constitution and shall go into  
18 immediate effect. The facts constituting the necessity are:

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