

## Senate Bill No. 1275

### CHAPTER 530

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

[Approved by Governor September 21, 2014. Filed with  
Secretary of State September 21, 2014.]

#### LEGISLATIVE COUNSEL'S DIGEST

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

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

This bill would require the updated guidelines to ensure there be a mobility option, as defined, and that the compensation for a mobility option be no less than \$2,500. The bill would authorize the state board to increase the amount of the mobility option as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners, as specified. The bill also would require the updated guidelines to ensure the inclusion of car sharing, as specified.

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

This bill would establish the Charge Ahead California Initiative to be administered by the state board, in consultation with the State Energy Resources Conservation and Development Commission, air pollution control and air quality management districts, and the public. The bill would state that the goals of the initiative are to, among other things, place in service at least 1,000,000 zero-emission and near-zero-emission vehicles by January 1, 2023, and to increase access for disadvantaged, low-income, and

moderate-income communities and consumers to zero-emission and near-zero-emission vehicles. The bill would require the state board to include, commencing with the Air Quality Improvement Program funding plan for the 2016–17 fiscal year, a specified funding plan that includes the immediate fiscal year and a forecast of estimated funding needs for the subsequent 2 years commensurate with meeting the goals of the Charge Ahead California Initiative; to update the plan at least every 3 years through January 1, 2023; to adopt, no later than June 30, 2015, specified revisions to the criteria and other requirements for the Clean Vehicle Rebate Project; and to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation.

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

SECTION 1. The Legislature finds and declares all of the following:

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

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

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

(d) Cars and trucks are the single largest source of greenhouse gas emissions in California. They also are the largest contributor to air pollution that harms public health.

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

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

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

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

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

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

(k) It is the goal of the state to place in service at least one million zero-emission and near-zero-emission vehicles, including cars, trucks, and buses, by January 1, 2023, and to establish a self-sustaining zero-emission and near-zero-emission vehicle market in which zero-emission and near-zero-emission vehicles are a viable mainstream option for individual vehicle purchasers, businesses, and public fleets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Methods of financial assistance other than vouchers.

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

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

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

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

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

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

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

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

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

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

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

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

(c) “Near-zero-emission vehicle” means a vehicle that utilizes zero-emission technologies, enables technologies that provide a pathway to zero-emissions operations, or incorporates other technologies that significantly reduce criteria pollutants, toxic air contaminants, and greenhouse gas emissions, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission consistent with meeting the state’s mid- and long-term air quality standards and climate goals.

(d) “Zero-emission vehicle” means a vehicle that produces no emissions of criteria pollutants, toxic air contaminants, and greenhouse gases when stationary or operating, as determined by the state board.

44258.4. (a) Any moneys utilized by this act from the Greenhouse Gas Reduction Fund, established pursuant to Section 16428.8 of the Government Code, shall be consistent with the appropriations processes and criteria established by the Greenhouse Gas Reduction Fund Investment Plan and

Communities Revitalization Act (Chapter 4.1 (commencing with Section 39710) of Part 2).

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

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

(1) (A) Include, commencing with the Air Quality Improvement Program funding plan for the 2016–17 fiscal year, a funding plan that includes the immediate fiscal year and a forecast of estimated funding needs for the subsequent two fiscal years commensurate with meeting the goals of this chapter. Funding needs may be described as a range that identifies the projected high and low funding levels needed for the two-year forecast period to contribute to technology advancement, market readiness, and consumer acceptance of zero- and near-zero-emission vehicle technologies. The funding plan shall include a market and technology assessment for each funded zero- and near-zero-emission vehicle technology to inform the appropriate funding level, incentive type, and incentive amount. The forecast shall include an assessment of when a self-sustaining market is expected and how existing incentives may be modified to recognize expected changes in future market conditions.

(B) Projects included in the forecast may include, but are not limited to, any of the following:

(i) The Clean Vehicle Rebate Project, established pursuant to Section 44274.

(ii) Light-duty zero-emission and near-zero-emission vehicle deployment projects eligible under the Alternative and Renewable Fuel and Vehicle Technology Program, established pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(iii) Programs adopted pursuant to paragraph (4).

(2) Update the plan required pursuant to paragraph (1) at least every three years through January 1, 2023.

(3) No later than June 30, 2015, adopt revisions to the criteria and other requirements for the Clean Vehicle Rebate Project, established pursuant to Section 44274, to ensure the following:

(A) Rebate levels can be phased down in increments based on cumulative sales levels as determined by the state board.

(B) Eligibility is limited based on income.

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

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

(i) Financing mechanisms, including, but not limited to, a loan or loan-loss reserve credit enhancement program to increase consumer access to zero-emission and near-zero-emission vehicle financing and leasing options that can help lower expenditures on transportation and prequalification or point-of-sale rebates or other methods to increase participation rates among low- and moderate-income consumers.

(ii) Car sharing programs that serve disadvantaged communities and utilize zero-emission and near-zero-emission vehicles.

(iii) Deployment of charging infrastructure in multiunit dwellings in disadvantaged communities to remove barriers to zero-emission and near-zero-emission vehicle adoption by those who do not live in detached homes. This clause does not preclude the Public Utilities Commission from acting within the scope of its jurisdiction.

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

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