

Date of Hearing: March 27, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 188 (Salas) – As Introduced January 19, 2017

SUBJECT: Vehicle retirement

SUMMARY: Requires the California Air Resources Board (ARB), no later than March 2018, to update the Enhanced Fleet Modernization Program (EFMP) guidelines to allow certain light-duty trucks to qualify as replacement vehicles under the program, provided that the vehicles meet the program's fuel efficiency standard for minivans and that a high-polluting light-duty pickup truck is retired by the purchaser.

EXISTING LAW:

- 1) Establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 [AB 118 (Núñez), Chapter 750, Statutes of 2007], funded through temporary increases in vehicle and registration fees as well as smog abatement and special identification license plate fees. Collection of these fees was authorized until 2024 pursuant to AB 8 (Perea), Chapter 401, Statutes of 2013.
- 2) Establishes the Air Quality Improvement Program (AQIP), administered by ARB in consultation with local air districts utilizing AB 118 monies to support efforts to reduce criteria pollutants, improve air quality, and provide research for alternative fuels and vehicles, vessels, and equipment technologies.
- 3) Establishes the EFMP, pursuant to AQIP, that authorizes ARB, in consultation with the Bureau of Automotive Repair (BAR), to permanently remove high-polluting vehicles from operation through voluntary retirement.
- 4) Authorizes ARB to adopt EFMP guidelines to ensure, among other things, that the program is available for high-polluting passenger vehicles and light- and medium-duty trucks that have been continuously registered in California.
- 5) Requires, pursuant to EFMP guidelines, that replacement vehicles, among other things, meet certain minimum criteria including specified fuel economy ratings that increase over time in accordance with Corporate Average Fuel Economy (CAFE) standards.
- 6) Establishes the Charge Ahead California Initiative pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, that, among other things, established the goal of placing at least one million zero emissions vehicles (ZEV) and near-zero emission vehicles (NZEV) into service by January 1, 2023, and increasing access to ZEVs and NZEVs for, low- and moderate-income individuals and disadvantaged communities (DACs).

FISCAL EFFECT: Unknown

COMMENTS: The federal Clean Air Act, and its implementing regulations are intended to protect public health and environmental quality by reducing pollution from various sources.

Under the federal Clean Air Act, the Environmental Protection Agency (EPA) establishes National Ambient Air Quality Standards (NAAQS) that apply for outdoor air throughout the country. Regions that do not meet the NAAQS are designated as non-attainment areas. The Clean Air Act sets deadlines for attainment based on the severity of non-attainment and requires states to develop comprehensive plans to attain and maintain air quality standards for designated non-attainment areas.

California has some of the most severe air pollution problems in the country and the South Coast and San Joaquin air basins, which contain over half of the state's population, are designated as extreme non-attainment areas. Nationally and statewide, the transportation sector is responsible for a major portion of air pollution, and in California, the transportation sector accounts for approximately 80% of hazardous emissions. According to ARB, 75% of vehicular air pollution in the state is caused by just 25% of the fleet.

To help get older, high-polluting cars off of California roads, the Consumer Assistance Program (CAP) was created to accelerate voluntary retirement of high-polluting vehicles and provide monetary incentives to vehicle owners to participate. Under this program owners who scrap their vehicles that have failed their last smog test are given \$1,000 (\$1,500 for low income consumers).

To ensure that as many as possible older, high polluting cars are replaced with cleaner cars, EFMP was established. This program, which is administered by ARB and BAR, provides for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters. Unlike CAP, however, EFMP allows vehicles to be retired without first having to fail a smog test, and offers a \$1,000 voucher (\$1,500 for low-income owners) to retire and replace a high-polluting vehicle.

EFMP guidelines, developed by ARB, dictate which types of cars are eligible replacement vehicles. Generally, replacement vehicles eligible under EFMP include vehicles that are eight years old or newer and meet a specified fuel economy rating. For example, this year, the oldest qualifying vehicle under EFMP would be 2010 models and with a 22 mile per gallon (mpg) fuel economy rating. Qualifying 2011 model year vehicles, however, must have a 25 mpg fuel economy rating, with the mpg increasing annually per CAFE standards.

When the EFMP guidelines were established, ARB set a lower fuel economy scale for minivans seemingly in consideration that these vehicles are more commonly "family cars" and typically carry a greater number of passengers. If an EFMP participant, for example, opted to replace their high-polluting car with minivan, a qualifying 2010 model year minivan would need to meet a 19 mpg fuel economy rating.

In addition to EFMP, ARB has also initiated the Plus-Up program as part of the Charge Ahead Initiative of 2014 to enhance its retire and replace efforts in extreme non-attainment areas. Plus-Up, which includes two established programs, one in the San Joaquin Valley Air District and the other in the South Coast Air District, offers rebates over and above EFMP to encourage the purchase of cleaner cars (that meet EFMP requirements) or provide qualifying individuals with public transit vouchers.

The author points out that in the agriculturally-oriented Central Valley in particular, many residents use light-duty pickup trucks for work purposes. He notes that many of these vehicles are driven by low- and moderate-income individuals who qualify for retire and replace programs such as EFMP and Plus-Up. However, the author asserts that because of the fuel economy rating requirements established in the EFMP guidelines, these individuals are no longer able to replace their dirty light-duty pickups in-kind (with another pickup) because as of this year there are no pickups available that meet the more stringent fuel economy ratings established in the EFMP guidelines. The author contends that not being able to replace a pickup truck in-kind keeps many individuals from participating in the program and, instead, these individuals continue to drive their existing vehicles to the detriment of California's air quality and emissions reduction goals.

If pickup trucks are allowed to meet the same standard set for minivans in EFMP, there would be a number of these light-duty pickup trucks available as replacement vehicles and, as a result, more individuals would utilize the program. In the 2010 model year, if the minivan fuel economy rating were applied, approximately 10 light-duty pickups would qualify as replacement vehicles under the program.

Writing in support of this bill, Valley Clean Air Now (Valley CAN) notes that ARB has made great strides in serving DACs in California's Central Valley by combining emission reduction goals and reducing economic barriers to obtaining cleaner cars. Valley CAN notes, however, that improvements can be made to better meet the unique needs of Central Valley residents--such as providing the opportunity for individuals to replace their high-polluting vehicles in-kind with newer, more fuel-efficient models. Valley CAN supports in-kind replacement such as that proposed in this bill because it would allow the existing programs to better meet many low-income Central Valley resident's needs while continuing to make incremental improvements in air quality and greenhouse gas (GHG) reduction.

Committee comments: The goal of EFMP is to replace high-polluting cars with cleaner ones to improve air quality and reduce emissions and nowhere is this more important than in California's severe non-attainment areas. While it stands to reason that replacing dirty cars with the cleanest possible vehicles is best, no gains can be made if an individual is unwilling to participate in the program because the replacement vehicles being offered do not meet their needs. This bill would make important strides to a beneficial outcome.

Related legislation: AB 630 (Cooper) would require ARB to expand EFMP to assist in meeting the state's GHG reduction and clean air goals and would require ARB to establish and report on progress toward achieving program goals. AB 630 passed out of this committee on a 10-4 vote on March 20, 2017, and is awaiting a hearing in the Assembly Appropriations Committee.

Previous legislation: AB 118 (Núñez), Chapter 750, Statutes of 2007, created the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 that required the Commission to implement the program and provide funding measures to specified entities to develop and deploy technologies and alternative and renewable fuels in the marketplace to help attain the state's climate change policies.

AB 8 (Perea), Chapter 401, Statutes of 2013, extended until January 1, 2024, extra fees on vehicle registrations, boat registrations, and tire sales in order to fund the programs that support the production, distribution, and sale of alternative fuels and vehicle technologies, as well as air emissions reduction efforts.

SB 1275 (de León), Chapter 530, Statutes of 2014, established the Charge Ahead Initiative, to, among other things, provide incentives to increase the availability of ZEVs and NZEVs, particularly to low-income and moderate-income consumers and DACs.

REGISTERED SUPPORT / OPPOSITION:

Support

Valley CAN

Opposition

None on file

Analysis Prepared by: Victoria Alvarez / TRANS. /