

Date of Hearing: April 11, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1965 (Cooper) – As Amended March 16, 2016

SUBJECT: Vehicle retirement and replacement

SUMMARY: Requires the California Air Resources Board (ARB) to expand the Enhanced Fleet Modernization Program Plus-Up (EFMP Plus-Up) in disadvantaged communities and in areas with poor air quality to increase the retirement and replacement of high-polluting vehicles. Specifically, **this bill:**

- 1) Makes findings and declarations regarding high polluting light- and medium-duty vehicles.
- 2) Declares the intent of the Legislature to expand EFMP Plus-Up to help the state meet its environmental goals and maximize disadvantaged community benefits.
- 3) Requires ARB, in consultation with the Bureau of Automotive Repair (BAR), beginning in the 2016-17 fiscal year (FY) and annually thereafter, to set specific measurable goals for the retirement and replacement of passenger vehicles and light-duty and medium-duty trucks that are high polluters.
- 4) Requires ARB, in consultation with BAR, to meet established goals by updating program guidelines no later than July 1, 2017.
- 5) Requires that the updated guidelines ensure that:
 - a) Specific steps are taken such that the vehicle replacement portion of the program is available in areas at risk of being designated as federal extreme non-attainment;
 - b) Specific steps are taken such that the vehicle replacement portion of the program is available in all districts containing disadvantaged communities;
 - c) Funding for outreach in low-income and disadvantaged communities is increased from the amount allocated in the 2015-16 FY; and,
 - d) There is improved coordination, integration, and partnerships with other programs that target disadvantaged communities and receive Greenhouse Gas Reduction Fund (GGRF) funds.
- 6) Requires, no later than July 1, 2018, and every other year thereafter, that ARB collect and post the following information on the program's Internet Web site:
 - a) Program performance relative to adopted program goals;
 - b) An accounting that includes, but is not limited to, funding allocated to the program, funding sources, and program expenditures by region; and,

- c) A comment on the overall success, or lack thereof, of the program including recommendations to improve overall program performance, if ARB determines program improvements are needed.
- 7) Authorizes ARB, upon appropriation by the Legislature, to allocate monies for program expansion from the EFMP subaccount; the High Polluter Repair and Removal Account; or, the Vehicle Inspection and Repair Fund.
- 8) Defines a variety of terms.

EXISTING LAW:

- 1) AB 32 (Núñez), Chapter 488, Statutes of 2006, required ARB to reduce greenhouse gas (GHG) emissions to the 1990 level by 2020 and authorized ARB to use market-based mechanisms (cap and trade) to achieve compliance with these regulations.
- 2) Created the Consumer Assistance Program (CAP) to encourage voluntary accelerated vehicle retirement ("car scrap") which provides a monetary incentives to vehicle owners to retire older, high polluting vehicles. Under this program owners who scrap their vehicles are given \$1,000 (\$1,500 for low income consumers) for vehicles that have failed their last smog test.
- 3) Established the EFMP pursuant to AB 118 (Núñez), Chapter 750, Statutes of 2007, to be funded by a \$1 surcharge on motor vehicle registration, to encourage the retirement of high polluting passenger vehicles and light- and medium-duty trucks in areas with the greatest air quality impacts. The program offers \$1,000 (\$1,500 for low-income consumers) to retire specified high-polluting vehicles.
- 4) Established the EFMP-Plus-Up as a pilot project in the Greater Los Angeles area and San Joaquin Valley to help low-income individuals and families retire high-polluting vehicles and purchase cleaner cars. The program provides increasingly larger cash payments for the lowest-income families to move into the cleaner cars.
- 5) Established the Charge Ahead California Initiative (Initiative), pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, to provide incentives that increase the availability of zero-emission vehicles (ZEV) and near-zero-emission vehicles (NZEV) vehicles, particularly in disadvantaged and low-and-moderate-income communities.

FISCAL EFFECT: Unknown

COMMENTS: It is well known that burning petroleum-based products in internal combustion engines produces criteria pollutants as well as GHG emissions. This, along with the large number of cars on our roadways explains why the transportation sector represents one of the largest sources emissions in California. Older vehicles are known to be some of the highest polluting vehicles, because they lack the modern emission reducing technologies that are currently available. ARB estimates that California has five times more cars that are over 20-years old compared to the national average.

To help improve air quality and help meet the state's GHG reduction goals, a number of programs have been developed to encourage vehicle owners to scrap their older, high-polluting cars and trucks and replace them with newer, cleaner vehicles. While many of these programs

are offered to all consumers, some programs are specifically target toward disadvantaged communities and lower-income residents who tend to own and operate some of the oldest, high-polluting cars on our roads primarily because they are more affordable to purchase, but not necessarily inexpensive to fuel and operate.

A number of programs have been developed to help individuals make necessary repairs when a vehicle fails to pass a smog test, but, more importantly, a number of programs have been developed to encourage individuals to scrap these older, high-polluting cars and replace them with cleaner, more fuel-efficient vehicles.

The CAP, administered by BAR, offers up to \$500 to low-income drivers to complete repairs needed to pass a smog test. The EFMP, administered by ARB, augments CAP by allowing vehicles to be retired, without first having to fail a smog test, by authorizing vouchers to replace older, high-emitting vehicles with cleaner cars. The program offers consumers \$1,000 to retire an older, high-polluting vehicle (\$1,500 for low-income consumers).

In addition, ARB also administers EFMP Plus-Up in two air districts in California that are classified as extreme non-attainment (San Joaquin Valley and South Coast). EFMP Plus-Up, with funding from the GGRF, provides additional down payment incentives (on top of the "base" EFMP incentives) to further encourage individuals to retire and replace their older, less-efficient vehicles with advanced-technology cars.

By "stacking" incentive payments, low-income consumers can receive between \$4,000 and \$9,500 toward the purchase of a replacement vehicle, depending on the make and model of the replacement vehicle. While the program allows individuals to trade in their high-polluting cars for cleaner gas-powered cars, greater incentives are provided if the individual opts to purchase a hybrid, hybrid-electric, or fully electric vehicle.

According to the author, EFMP Plus-Up has been extremely successful and has resulted in the retirement of 292 high emitting vehicles in the first six months of the program in the San Joaquin Valley alone. He also notes that the program is helping the most disadvantaged Californians and making substantial inroads in retiring older, high-polluting vehicles and improving air quality in regions of the state with some of the worst air quality.

The author points out that other regions of the state, who are on the verge of non-attainment of federal clean air standards, would also benefit from this program and that these regions, which include the Sacramento Metropolitan Air Quality Management District have expressed an interest in being able to utilize this successful program. The author contends that expanding these programs will help other areas of the state improve air quality while assisting disadvantaged populations.

To help accomplish this, the author introduced ab 1965 which would allow the expansion of EFMP Plus-Up to other regions of the state, by requiring ARB, in consultation with BAR, to revise EFMP Plus-Up Program guidelines, no later than July 1, 2017, to, among other things, ensure that the program is available in areas of the state that are at risk of being designated as federal extreme non-attainment areas. This bill also requires that specific steps are taken to ensure that the vehicle replacement component of the program is available in all districts with disadvantaged communities.

Writing in support, the Charge Ahead California Steering Committee (made up of five member organizations including the Coalition for Clean Air, Communities for a Better Environment, Environment California Research and Policy Center, The Greenlining Institute, and the Natural Resources Defense Council) notes that significant expansion of EFMP Plus-Up to regions of the state with poor air quality and large populations of disadvantaged communities will help the state to achieve its emissions reductions goals and improve air quality. Specifically, they note that this effort will further expand the deployment of ZEVs bringing cleaner air and economic opportunities to underserved Californians.

Committee comments: EFMP Plus-Up has proven to be a very successful program in that it helps low-income families in disadvantaged communities get into cleaner vehicles, improves air quality in areas with the worst air pollution, and reduces emissions to help the state achieve its climate change goals. While the program, rightly focuses on areas that do not meet federal air quality standards, it makes good sense to institute the program in areas that are nearing non-attainment to keep them from falling into non-attainment status. Not only does this program create opportunities to address climate change and improve air quality, it also help to improve the quality of life for many low-income consumers in disadvantaged communities. Expanding the program to other areas of the state will only help to increase the program's benefits.

Related legislation: AB 1691 (Gibson), would require ARB, in consultation with BAR, to adopt, an EFMP goal, later than July 1, 2017, of annually replacing 10,000 vehicles from disadvantaged communities over a 5-year period. AB 1691 is currently awaiting a hearing in this committee.

AB 1710 (Calderon), requires, on or before January 1, 2019, that ARB to develop and implement a comprehensive program to promote advanced-technology light-duty vehicle deployment in the state to drastically increase the use of those vehicles and to meet specified goals established by the Governor and the Legislature. AB 1710 is scheduled to be heard in this committee on April 11, 2016.

Previous legislation: AB 1275 (de León), Chapter 530, Statutes of 2014, created the Charge Ahead California Initiative with the goal of placing at least 1,000,000 ZEV and NZEVs into service by January 1, 2023, and increasing access to these vehicles by disadvantaged, low-income, and moderate-income communities and consumers.

SB 459 (Pavley), Chapter 437, Statutes of 2013, required ARB to update the EFMP guidelines by June 30, 2015, in accordance with specified goals and considerations. SB 459 included provisions that restricted program eligibility and adjusted vehicle retirement and replacement compensation amounts to ensure the program achieved greater emission reductions while also serving low-income drivers. Additionally, SB 459 permitted the vehicle retirement component of CAP to accept vehicles that have lapsed in registration.

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 California Energy Commission to implement certain programs and provide funding to develop and deploy technologies and alternative and renewable fuels in the marketplace to help attain the state's climate change policies.

AB 32 (Núñez), Chapter 488, Statutes of 2006, required ARB to develop and implement regulations necessary to reduce emissions to 1990 levels by the year 2020.

REGISTERED SUPPORT / OPPOSITION:

Support

Valley "Clean Air Now" (Sponsor)
Coalition for Clean Air
Communities for a Better Environment
Environment California
The Greenlining Institute
Natural Resources Defense Council
Sacramento Metropolitan Air Quality Management District

Opposition

None on file

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