

Date of Hearing: April 16, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2336 (Salas) – As Amended April 10, 2018

**SUBJECT:** Schoolbuses: retrofit and replacement

**SUMMARY:** Changes the prioritization of Proposition (Prop) 1B funding, for purposes of the Lower- Emission School Bus Program (LESBP), by requiring the Air Resources Board (ARB), to first fund the retrofit or replacement of high-polluting and oldest schoolbuses that operate in federal extreme non-attainment areas.

**EXISTING LAW:**

- 1) Under Prop 1B, enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. This bond act authorizes \$200 million for the replacing and retrofitting of schoolbuses, specifically through ARB's LESBP, to reduce air pollution and reduce children's exposure to diesel exhaust.
- 2) Requires ARB to allocate the aforementioned bond funds to air pollution control and air quality management districts (air districts) and requires the ARB to prioritize the retrofit or replacement of the most polluting school buses in small air districts first and then medium air districts.
- 3) Authorizes local air district boards where federal air standards are not consistently met (i.e., "nonattainment areas") to adopt a surcharge on vehicle registration, subject to certain requirements, to be used to reduce air pollution from motor vehicles, and requires a portion of that surcharge be used for the implementation of emission reduction programs from vehicular sources or off-road engines, including for projects eligible under the Carl Moyer Program (which provides funding for cleaner-than-required engines and equipment), the purchase of new schoolbuses, or retrofit of emissions control equipment for existing schoolbuses, the replacement of specified natural gas fuel tanks on schoolbuses, and the enhancement of deteriorating natural gas fueling dispensers of fueling infrastructure operated by a school district, and other specified projects, until January 1, 2024.

**FISCAL EFFECT:** Unknown

**COMMENTS:** The primary goal of ARB's LESBP is to reduce school children's exposure to both cancer-causing and smog-forming pollution by replacing and retrofitting high-polluting school buses. The LESBP provides financial incentives to replace high-emitting pre-1987 model year school buses with lower-emitting new buses, and to equip in-use diesel school buses with ARB-verified diesel retrofit devices to reduce toxic particulate matter (PM) emissions. The primary focus has been on replacing buses manufactured prior to 1977. Eligible applicants for school bus replacements include public school districts and Joint Powers Authorities (JPA). For school bus retrofit projects, applicant eligibility has been extended to include private transportation contractors that provide transportation for public schools.

From the program's inception in 2000 until 2007, the Legislature appropriated over \$100 million to the LESBP for the replacement of about 600 pre-1987 model year public school buses with

new, lower-emitting models and equipped about 3,800 in-use buses with ARB-verified diesel retrofit devices.

In 2006, voters passed Prop 1B which authorized \$200 million for the replacing and retrofitting of school buses, specifically through the LESBP to reduce air pollution and reduce children's exposure to diesel exhaust. Prop 1B guidelines, pursuant to a budget trailer bill, SB 88 (Budget and Fiscal Review), Chapter 181, Statutes of 2007, required ARB to first set aside funds to replace the remaining 1976 and older model year school buses. Remaining funds were to be allocated to air districts based on each district's share of the 1977 through 1986 model year school bus population. After ensuring funding for replacing all pre-1977 model year buses, SB 88 provided flexibility by allowing air districts the discretion to determine how to split their remaining allocation between replacing and retrofitting buses.

In 2012, the Legislature passed a budget trailer bill, SB 1018 (Budget and Fiscal Review), Chapter 39, Statutes of 2012, that required bond funds to be transferred if a local air district's funds were not committed by an executed contract and required the local air district and ARB to, by September 30, 2012, establish a list of potential air districts that can be the recipient of the transferred funds, with priority given to air districts with the most polluting school buses and with the greatest need for school bus funding. SB 1018 also required each fund allocation to provide sufficient funding for at least one project, required funds to be expended by June 30, 2014, and required all funds not expended by that date to be returned to ARB.

In 2013, recognizing that Prop 1B funds were dwindling, the Legislature passed another budget trailer bill, SB 96 (Budget and Fiscal Review), Chapter 356, Statutes of 2013, that changed the prioritization of the remaining funding to first fund the retrofit or replacement of the most polluting schoolbuses in small and then medium air districts. The budget bill also required each allocation to provide sufficient funding for at least one project and required the transfer of unspent funds to districts with existing demand. Overall, Prop 1B monies funded approximately 1,018 school bus replacements and 3,479 retrofits. ARB has received all installments of Prop 1B bond funds for the LESBP, which brings the program to 100% of its projected funding. LESBP has also benefitted from other proposition funds (Proposition 40 of 2002).

The LESBP is generally administered through the local air district, however, for projects funded under the LESBP by bond funds, the San Joaquin Valley Air Pollution Control District (SJVAPCD) has partnered with ARB in acting as the implementing agency for air districts. As mentioned, projects in small and medium air districts receive funding priority over projects in large air districts. The following are lists of small, medium, and large air districts:

Small	Medium	Large
Amador County Air Pollution Control District (APCD), Antelope Valley (Air Quality Management District (AQMD), Butte County APCD, Calaveras County APCD, Colusa County APCD, El Dorado County APCD, Feather River AQMD, Great Basin Unified APCD, Glenn County APCD, Imperial County APCD, Lake County AQMD, Lassen County APCD, Mariposa County APCD, Mendocino County APCD, Modoc County APCD,	Monterey Bay Unified APCD, Placer County APCD, Mojave Desert AQMD, Santa Barbara County APCD, Ventura County APCD, Yolo-Solano APCD, Eastern Kern County APCD, San Luis Obispo County APCD	Bay Area AQMD, Sacramento Metro AQMD, San Joaquin Valley APCD, San Diego County AQMD and South Coast AQMD

North Coast Unified APCD, Northern Sierra Unified AQMD, Northern Sonoma County APCD, Shasta County AQMD, Tehama County APCD, Tuolumne County APCD, Siskiyou County APCD		
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Air districts may also use state incentive dollars and use local funds to replace or retrofit school buses. Additionally, air districts that are designated as non-attainment areas can adopt a surcharge on vehicle registration, subject to certain requirements, to be used to reduce air pollution from motor vehicles, including school buses. The South Coast AQMD and SJVAPCD (both of which are considered large districts) do not meet the health based National Ambient Air Quality Standards for ozone and PM and are currently designated to be extreme non-attainment areas.

The LESBP is currently administered by the SJVAPCD on behalf of ARB with federal and penalty monies at a statewide level. Additionally, SJVAPCD, along with other air districts, administer district specific retrofit and replacement programs. In 2017, SJVAPCD sought applications for the statewide program to only fund school bus retrofits. The goal was to assist school districts with the compliance of ARB’s Truck and Bus Regulation, which requires, among other vehicles, privately and publicly owned school buses with a gross vehicle weight rating greater than 14,000 lbs to either replace their older engines or trucks with newer ones, or install PM filters.

The author has introduced this bill to prioritize funding from the LESBP to retrofit and replace the oldest school buses in air basins with designated as extreme non-attainment from ozone pollution. The author asserts, “With the upcoming deadlines to lower greenhouse gas emissions statewide, it makes sense to prioritize funding for incentive programs, such as the LESBP where the emission reduction goals are higher and the air pollution is the worst.”

*Committee Concerns:*

- 1) As mentioned above, Prop 1B funds for this purpose have been exhausted. Because this bill amends the section in law that dictates how Prop 1B monies will be spent for schoolbus replacement and retrofit and there is currently no other Prop 1B monies allocated for this purpose, this bill effectively accomplishes nothing. Essentially, this bill changes the prioritization of monies that have already been spent.
- 2) While this bill rightly targets air districts designated as extreme non-attainment with the worst air quality in the state, it effectively picks winners and losers. Many small and medium air districts represent areas that are in rural parts of the state. Typically, children in rural parts of the state live farther away from school and thus, spend more time exposed to smog-forming pollution emitted by their schoolbus. Recognizing the need to fund purchases and retrofits of schoolbuses in rural areas, ARB created the Rural School Bus Pilot Program. However, in turn, air districts designated as non-attainment such as South Coast AQMD and SJVAPCD which are considered large districts, unlike smaller and medium air districts, have the ability to access revenue from vehicle registration surcharge monies to fund purchases and retrofits of schoolbuses in their air districts.

*Previous Legislation:* SB 96 (Budget and Fiscal Review), Chapter 356, Statutes of 2013, requires, among other things, funds authorized by ARB during or subsequent to the 2013–14

fiscal year to be allocated to retrofit or replace the most polluting schoolbuses in small air districts first and then medium air districts.

SB 1018 (Budget and Fiscal Review), Chapter 39, Statutes of 2012, required ARB to transfer Prop 1B bond funds, as specified, for purposes of retrofitting and replacing schoolbuses.

SB 88 (Budget and Fiscal Review), Chapter 181, Statutes of 2007, imposed various requirements on various state agencies on how Proposition 1B funds would be administered and spent, including funds to be used for the replacement and retrofit of schoolbuses.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

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