

Date of Hearing: April 16, 2018

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 2492 (Salas) – As Amended April 10, 2018

SUBJECT: Medium duty vehicles: pilot program

SUMMARY: Requires the Air Resources Board (ARB) to create a pilot program, to be administered by certain air districts, to provide incentives for emission repairs and to reduce greenhouse gas (GHG) emissions of medium-duty trucks with a weight rating of 10,000- 14,000 pounds. Specifically, **this bill:**

- 1) Requires ARB to create a pilot program, to be administered by air districts designated as federal extreme non-attainment, to provide incentives for emissions repairs and to reduce GHG emissions of class three medium-duty trucks that have a gross vehicle weight rating between 10,000-14,000.
- 2) Requires ARB, when adopting the guidelines to the pilot program, to model the pilot after existing, successful emission testing programs and operate, to the extent feasible, with the Enhanced Fleet Modernization Program (EFMP).
- 3) Provides that moneys from the Greenhouse Gas Reduction Fund (GGRF), upon appropriation by the Legislature, be used to implement the program.

EXISTING LAW:

- 1) Establishes the Clean Air Act, pursuant to federal law, that requires the U.S. Environmental Protection Agency (EPA) to establish National Ambient Air Quality Standards (NAAQS) for certain air pollutants due to their negative impact on public health and provides that regions that do not meet the national standards for any one of the standards are designated as non-attainment areas.
- 2) Establishes the Global Warming Solutions Act of 2006, AB 32 (Núñez), Chapter 244, Statutes of 2006, which requires ARB to determine the 1990 statewide GHG emissions level and approve a statewide GHG emissions limit that is equivalent to that level, to be achieved by 2020, and to adopt GHG emissions reductions measures by regulation. ARB is authorized to include the use of market-based mechanisms to comply with these regulations.
- 3) Ensures that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030, pursuant to SB 32 (Pavley), Chapter 249, Statutes of 2016.
- 4) Establishes the GGRF in the State Treasury, requires all moneys, except for fines and penalties, collected pursuant to a market-based mechanism be deposited in the fund and requires the Department of Finance, in consultation with ARB and any other relevant state agency, to develop, as specified, an investment plan for the moneys deposited in the GGRF.
- 5) Establishes the smog check program, administered by the Bureau of Automotive Repair; (BAR) that generally requires vehicles, with some exceptions, to undergo emission inspections. Specifically, vehicle owners must have their vehicles tested every two years, with some exceptions.

- 6) Establishes the Consumer Assistance Program (CAP), administered by BAR, to provide assistance to low-income owners of vehicles that have failed a smog test or a monetary incentive to retire (scrap) the vehicle.
- 7) Establishes EFMP, administered by ARB and BAR, to provide for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters.
- 8) Establishes the Clean Cars 4 All Program, administered by ARB and implemented by air districts, to achieve reductions of GHG emissions, improvements in air quality, and benefits to low-income state residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or a mobility option.
- 9) Establishes the Air Quality Improvement Program (AQIP), administered by ARB, to fund projects that reduce criteria air pollutants, improve air quality, and provide research for alternative fuels and vehicles, vessels, and equipment technologies. The two primary programs adopted by ARB pursuant to AQIP are the Clean Vehicle Rebate Project and the Hybrid and Zero Emissions Truck and Bus Voucher Incentive Program (HVIP).
- 10) Establishes the Clean Truck Program, administered by ARB, to use GGRF funds for development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near zero-emission truck, bus, and off-road vehicle and equipment technologies.

FISCAL EFFECT: Unknown

COMMENTS: Under the federal Clean Air Act, U.S. EPA establishes NAAQS for outdoor air throughout the country. Regions that do not meet the NAAQS are designated non-attainment areas. In California, the South Coast and San Joaquin air basins are both designated as extreme non-attainment areas and as such are required to develop and implement comprehensive plans to attain and maintain federal air quality standards. Since transportation emissions are considered a primary source of air pollutants, plans to help achieve attainment typically involve efforts to increase the retirement of old, dirty vehicles and replace them with cleaner cars.

To improve air quality, help low-income vehicle owners pass smog checks and get older, high-polluting cars off of California roads, the state has created CAP, EFMP, and the Clean Cars 4 All Program (previously known as the EFMP Plus-Up). Through CAP, BAR offers \$500 in emission-related repairs to an income-eligible owner whose vehicle fails its smog check inspection. In order to qualify for the incentive, BAR requires the vehicle, among other things, to not be registered to a business, fleet, or non-profit. However, there are no weight restrictions for a vehicle to be eligible for a CAP incentive.

EFMP has two components: retirement-only and retirement and replacement. EFMP retirement-only provides for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters and is administered by BAR contracts with dismantlers and other appropriate entities as necessary. Owners who scrap their vehicles are given a \$1,000 voucher (\$1,500 for low income consumers). To participate in the retirement-only portion of EFMP, BAR's application indicates that an eligible vehicle, among other things, must not be registered to a business, fleet, or non-profit and must be a passenger vehicle, truck, SUV, or van with a gross vehicle weight rating of 10,000 pounds or less.

Unlike CAP, however, EFMP allows vehicles to be retired without first having to fail a smog test. EFMP retirement-only has been very successful, has been typically oversubscribed and according to BAR's website, funding has been exhausted for this fiscal year.

To enhance "retire and replace efforts" specifically in extreme non-attainment areas, EFMP retire and replace and the Clean Cars 4 All are currently available only in the San Joaquin Valley Air Pollution Control District and the South Coast Air Quality Management District jurisdictions. These programs are anticipated to be expanded this year to include the Bay Area Air Quality Management District, San Diego Air Pollution Control District, and Sacramento Metropolitan Air Quality Management District. Currently, San Joaquin Valley Air Pollution Control District and the South Coast Air Quality Management District, through EFMP retirement and replacement, provide an incentive of \$2,500- \$4,500 to low-income drivers who scrap an old car and replace it with a newer, cleaner and more fuel-efficient vehicle or an alternate mode of transportation, such as a transit pass. The exact incentive amount varies, depending on household income, and can be used for the purchase of a new or used qualified replacement vehicle. Clean Car 4 All is a complementary incentive program which augments EFMP. Incentives from Clean Cars 4 All can add up to an additional \$5,000 incentive for the subset of participants living in or near a disadvantaged community census tract who choose a hybrid, plug-in hybrid, or battery electric vehicle. The highest incentive amount is available to the lowest income drivers choosing the cleanest replacement vehicles. Under the EFMP retire and replace and the Clean Cars 4 All, all vehicles that are replaced must also be 10,000 pounds or less such as a passenger vehicle, truck, sports utility vehicle (SUV), or van.

The author has introduced this bill to require ARB to establish a pilot program, similar to EFMP, for smog emission repairs of medium-duty trucks in order to reduce exposure to air pollution in low-income and disadvantaged communities and continue to significantly invest in air quality programs that have been proven to be effective in minimizing emissions from mobile sources.

Committee Concerns: ARB oversees a wide variety of programs designed to address the transportation sector with a number of those programs tailored to specifically target heavy-duty vehicles or light-duty vehicles, respectively. Trucks are typically classified by weight with Class 1 vehicles weighing 6,000 pounds or less (e.g., utility vans and full-size pickups); Class 2 vehicles weighing 6,001-10,000 pounds (e.g., utility and step vans); Class 3-6 vehicles weighing between 10,001 pounds and 26,000 pounds (e.g., city delivery trucks, beverage trucks, and school buses); and Class 7 and 8 trucks weighing 26,001 pounds or more (e.g., city transit buses, tractor trailers, dump trucks). ARB, however, differentiates its programs more broadly into heavy-duty and light-duty categories with light-duty programs targeting passenger fleet vehicles and heavy-duty vehicle programs targeting larger vehicles such as buses and trucks. Typically, light-duty programs have focused on ensuring drivers pass smog tests and providing incentives for the purchase/replacement of cleaner vehicles while heavy-duty programs have focused on the replacement of high-polluting heavy-duty vehicles, such as HVIP and the acceleration of heavy-duty technologies, such as the Clean Truck Program. It is unclear if investing in emission repairs is effective use of state money considering its broader goals to replace, not repair, heavy-duty vehicles.

This bill does not preclude the retirement and replacement of these vehicles but it does, however, require their repair.

Previous legislation: AB 188 (Salas), Chapter 629, Statutes of 2017, updates EFMP guidelines to make the program applicable to light-duty pickup trucks that have the same mile-per-gallon standard as minivans that are currently authorized under the program.

AB 630 (Cooper), Chapter 636, Statutes of 2017, establishes the Clean Cars 4 All Program to achieve reductions in the emissions of GHGs, improvements in air quality, and benefits to low-income residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or mobility options.

AB 1691 (Gipson) of 2016, would have directed ARB to update the EFMP guidelines to reduce and eliminate backlogs and waitlists for Plus-Up, and prioritize older, higher-polluting vehicles for incentives. AB 1691 was held on the Senate Appropriations Committee suspense file.

AB 1965 (Cooper) of 2016, would have required ARB to update EFMP guidelines by July 1, 2018, expanded Plus-Up to include additional air districts, and included the development and reporting of program performance metrics. AB 1965 failed passage in the Senate Environmental Quality Committee.

SB 32 (Pavley), Chapter 249, Statutes of 2016, requires ARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030.

SB 1204 (Lara), Chapter 524, Statutes of 2014, created the Clean Truck Program to fund development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies.

SB 459 (Pavley), Chapter 437, Statutes of 2013, required ARB to update the EFMP guidelines by June 30, 2015 to, among other things, focus program assistance on lower-income vehicle owners.

AB 118 (Núñez), Chapter 750, Statutes of 2007, provides 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 32 (Núñez), Chapter 244, Statutes of 2006, requires ARB to determine the 1990 statewide GHG emissions level and approve a statewide GHG emissions limit that is equivalent to that level, to be achieved by 2020, and to adopt GHG emissions reductions measures by regulation.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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