

Date of Hearing: March 20, 2017

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 630 (Cooper) – As Introduced February 14, 2017

SUBJECT: Vehicles: retirement and replacement

SUMMARY: Establishes the Plus-Up program and adds provisions to improve performance of the related Enhanced Fleet Modernization Program (EFMP). Specifically, **this bill:**

- 1) Codifies the Plus-Up program.
- 2) Requires California Air Resources Board (ARB), in consultation with the Bureau of Automotive Repair (BAR), beginning in 2018-19 fiscal year and every year thereafter, to set specific, measurable goals for the retirement and replacement of high-polluting passenger vehicles and light- and medium-duty trucks.
- 3) Requires ARB to take steps necessary to meet program goals including, but not necessarily limited to, the following:
 - a) Update the program guidelines for both EFMP and Plus-Up no later than July 1, 2018; and,
 - b) Continue to allow BAR to administer EFMP.
- 4) Requires ARB to update program guidelines (for both EFMP and Plus-Up) to include a focus on achieving air quality improvements and providing benefits to low-income Californians through the replacement of high-polluting passenger vehicles.
- 5) Provides, pursuant to available mobility options, that replacement compensation may be provided either through EFMP or Plus-Up.
- 6) Provides that compensation for replacement vehicles may be decreased, as needed, to maximize air quality benefits and participation by low-income motor vehicle owners and to meet program goals.
- 7) Requires enhancement of applicant pre-screening for both EFMP and Plus-Up, if ARB determines it is appropriate to do so.
- 8) Requires enhanced income eligibility verification for both EFMP and Plus-Up to ensure the programs are not misused.
- 9) Requires that specific steps be taken to ensure that EFMP and Plus-Up are available in air districts with more than one million residents.
- 10) Requires that priority be given to retire and replace programs for vehicles that are 15 years old or older and have more than 75,000 of usage.

- 11) Requires ARB, no later than July 1, 2019, and every year thereafter, to collect the following information for EFMP and Plus-Up and report it on their Internet Website:
 - a) Program performance relative to established goals;
 - b) Program allocations and expenditures by region;
 - c) Program performance analysis, by air district, for the replacement component;
 - d) Information on districts with program backlogs or waitlists along with recommendations on how to eliminate them; and,
 - e) Evaluation of the funding for targeted outreach in low-income or disadvantaged communities (DACs) including whether or not funding should be enhanced or modified to reach established program goals.
- 12) Provides that, upon appropriation by the Legislature, ARB may allocate monies for the expansion of the replacement component or the mobility option component for either EFMP or Plus-Up from specified funding sources.
- 13) Revises and recasts existing EFMP requirements.
- 14) Defines a variety of terms.

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 above specified concentrations 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, requires ARB to determine the 1990 statewide greenhouse gas (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 smog check program, administered by BAR that generally requires vehicles registered in non-attainment areas to undergo emission inspections. Specifically, vehicle owners must have their vehicles tested every two years, with some exceptions, including gas-powered vehicles manufactured prior to 1976, alternatively-fueled vehicles, and vehicles six years old or newer.

- 5) Establishes the Consumer Assistance Program (CAP) under BAR, that provides assistance to low-income owners of vehicles that have failed a smog test in the form of a repair cost waiver, repair cost assistance, or a monetary incentive of up to \$1,500 to “retire” (scrap) the vehicle.
- 6) Establishes EFMP, administered by the state ARB and BAR to provide for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters.
- 7) Establishes the Charge Ahead Initiative administered by ARB with the goals of reaching at least one million zero-emission (ZEV) and near-zero-emission (NZEV) vehicles by January 1, 2023, and increasing accessibility for disadvantaged, low-income, and moderate-income communities. ARB is required to establish programs that further increase access to and direct benefits for disadvantaged, low-income, and moderate-income communities and consumers from electric transportation.

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, EPA establishes NAAQS that apply for outdoor air throughout the country. These federal standards exist for several air pollutants due to their negative impact on public health above specified concentrations, including ozone, particulate matter (PM), nitrogen oxide (NO_x), oxides of sulfur (SO_x), carbon monoxide, and lead. EPA reviews NAAQS at five-year intervals to ensure that the standards are based on the most recent scientific information. Regions that do not meet the national standards are designated 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, known as the state implementation plan, to attain and maintain air quality standards for each area designated non-attainment for an NAAQS.

California has some of the most severe air pollution problems in the country. The South Coast and San Joaquin air basins, which contain over half of the state’s population, are extreme non-attainment regions (the highest degree of severity) for ozone pollution and are both non-attainment regions for PM.

Nationally and statewide, the transportation sector is responsible for a major portion of air pollution, and in particular NO_x, which contributes to both ozone and PM formation. Across the US, motor vehicles emit more than half of all NO_x emissions. In California, the transportation sector accounts for approximately 80% of the NO_x emissions, and according to ARB, 75% of vehicular air pollution in the state is caused by just 25% of the fleet.

CAP was created to encourage voluntary accelerated vehicle retirement and provides 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.

EFMP, 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,

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 a high-polluting vehicle.

The Plus-Up program was administratively initiated as part of the Charge Ahead Initiative of 2014, which called for enhanced retire and replace efforts in extreme non-attainment areas. Plus-Up includes two pilot programs, one in the San Joaquin Valley Air District and the other in the South Coast Air District where low-income vehicle owners who live in one of these districts can get a \$2,500 “replacement” voucher in addition to the \$1,500 base EFMP “retirement” voucher to either purchase a car that is less than eight years old, or to obtain a public transit voucher. If a qualifying low-income individual lives within a DAC in one of these air districts, and wants to purchase a hybrid, plug-in hybrid, or battery electric vehicle, he or she can “stack” additional incentives on top of the Plus-Up incentives.

The Plus-Up program in the San Joaquin Valley (Tune-In Tune-Up) and in the South Coast Air Quality District (Replace Your Ride) have resulted in the retirement hundreds of high-polluting vehicles. Both programs have unique advertising and outreach methods to reach low- and moderate-income vehicle owners and get them to participate. Some of the most successful methods include “events” where individuals can obtain a free smog test and undergo pre-screenings to determine whether they are eligible for various incentives. This bill seeks to encourage methods used by both programs that result in the most successful outreach possible so that the highest-polluting vehicles receive priority.

Committee comments: The author points out that Plus-Up has been instrumental in reducing GHG emissions and improving air quality in two non-attainment areas of the state (the San Joaquin Valley and the South Coast Air) by providing added incentive for low- and moderate income individuals living in DACs to retire their high-polluting vehicles and replace them with cleaner cars. While these programs have been beneficial in these areas, the author believes that these programs would be helpful in keeping other large metropolitan areas from slipping into non-attainment status. For this reason, the author has introduced this bill to authorize the expansion of Plus-Up into other areas of the state. Additionally, the author has included added provisions in the bill that he believes would improve both EFMP and Plus-Up with respect to enhanced legislative oversight and increased attention to program goal setting, performance, and reporting.

This bill is similar to a bill introduced by the author last year (AB 1965) that would have, among other things, expanded Plus-Up to areas in the state with one million or more residents. Since the failure of AB 1965 in the Senate Environmental Quality Committee last year, ARB used its administrative authority to expand Plus-Up in accordance with requirements set forth in AB 1965. To date, three air districts in California have initiated draft Plus-Up implementation plans and the programs are expected to begin this summer in the San Francisco Bay Area, the Sacramento region, and in San Diego and its environs.

Despite the fact that expansion of Plus-Up is already underway, this bill would add value by codifying Plus-Up in statute and providing important program direction to ensure that both EFMP and Plus-Up provide maximum GHG reductions and air quality benefits in DACs. For example, this bill would require ARB to establish goals and performance metrics and to report annually on progress toward meeting those goals. Additionally, this bill would require ARB to also report on with respect to program expenditures overall and by region. The effect of requiring ARB to establish clear goals and performance metrics for EFMP and Plus-Up and to

report annually will provide much needed transparency and accountability and ensure that program dollars are being put to their highest and best use.

Related legislation: AB 188 (Salas) would update 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 188 is awaiting a hearing by this committee.

AB 193 (Cervantes) would create a vehicle rebate program for used ZEVs and NZEVs. AB 193 is awaiting a hearing by this committee.

AB 615 (Cooper) addresses provisions related to the Clean Air Vehicle Rebate Project ensuring that income "caps" remain in place and that the program continues to provide additional benefits for low-income residents of the state. AB 615 is scheduled to be heard by this committee on March 20, 2017.

Previous legislation: 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. ARB is authorized to include the use of market-based mechanisms to comply with these regulations.

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 the ARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030.

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.

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.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

Analysis Prepared by: Victoria Alvarez / TRANS. /