

Date of Hearing: April 15, 2024

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 2900 (Soria) – As Amended March 21, 2024

SUBJECT: Small agricultural truck fleet assistance program

SUMMARY: Requires the California Air Resources Board (CARB) to establish the Small Agricultural Truck Fleet Assistance Program to provide dedicated technical and funding assistance to owner-operators or owners of small fleets to support the transition to cleaner emission-compliant trucks, giving priority for near-zero-emission or zero-emission trucks as feasible, upon appropriation by the Legislature.

EXISTING LAW:

- 1) Establishes CARB as the air pollution control agency in California and requires CARB, among other things, to control emissions from a wide array of mobile sources and coordinate with local air districts to control emission from stationary sources in order to implement the Federal Clean Air Act. (Health and Safety Code (HSC) 39602; HSC 39602.5)
- 2) Requires CARB, pursuant to California Global Warming Solutions Act of 2006 (AB 32 (Núñez) Chapter 488, Statutes of 2006) to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020 and to develop a scoping plan for achieving the maximum technologically feasible and cost effective reductions in GHGs. (HSC 38500)
- 3) Requires CARB to review its existing enforcement of diesel emission control regulations and anticipated enforcement needs for future diesel emission control regulations for manufacturers, owners, or operators of on-road and off-road vehicles and engines to implement CARB's Diesel Risk Reduction Plan and Emission Reduction Plan for Ports and Goods Movement. (HSC 43011.5)
- 4) Requires CARB to develop a strategic plan for consistent, comprehensive, and fair enforcement of diesel emission control regulations, and to submit the plan to the relevant legislative policy and fiscal committees by January 1, 2009, and every three years thereafter, and requires the strategic plan to include, among others:
 - a) An assessment of the need for additional staff and technology resources at CARB to ensure that the appropriate resources are available to ensure consistent enforcement of diesel emission control regulations for on-road and off-road vehicles and engines throughout the state and in areas where diesel emissions are concentrated; and,
 - b) An education and outreach component to increase public awareness and understanding of the diesel regulations. (HSC 43011.5)
- 5) Requires the Department of Motor Vehicles (DMV), effective January 1, 2020, to confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating (GVWR) of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology, and,

unless the vehicle is otherwise exempted, to refuse registration, or renewal or transfer of registration, effective January 1, 2023, for a diesel-fueled vehicle with a GVWR 14,001 or more and vehicle model years (MY) 2010 and older. (Vehicle Code 4000.15)

- 6) Requires CARB to implement a Heavy-Duty Vehicle Inspection and Maintenance Program (also known as HD I/M or Clean Truck Check) for nongasoline heavy-duty onroad motor vehicles with GVWR more than 14,000 pounds, requires vehicles to pass the test procedures in order to register or operate in the state, creates the Truck Emission Check (TEC) Fund and authorizes CARB to assess a fee and penalties, to be deposited into the TEC fund or the Air Pollution Control Fund. (HSC 44152 and 44154)
- 7) Prohibits laws or regulations adopted or amended after January 1, 2017, from requiring retirement, replacement, retrofit, or repower of a self-propelled commercial motor vehicle, as until after the useful life of the vehicle. (HSC 43021)
- 8) Requires CARB, by January 1, 2025, to evaluate the impact of the provisions of HSC 43021 on state and local clean air efforts to meet state and local clean air goals, including the following:
 - a) Compliance with the truck and bus rule. (Section 2025 of Title 13 of the California Code of Regulations)
 - b) The benefits and impacts of measures enacted to improve local air quality impacts from stationary sources.
 - c) State implementation plan compliance. (HSC 43021)

FISCAL EFFECT: Unknown

COMMENTS: Nearly 40% of California's GHG emissions are generated by the transportation sector, which includes both the light-duty (passenger) and medium- and heavy-duty (MD/HD) fleets. Diesel-fueled trucks, in particular, contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, NO_x, and sulfur dioxide, affecting local air quality. According to CARB's 2022 Scoping Plan, the transportation sector accounted for over 80% of statewide NO_x emissions and 30% of fine particulate matter emissions, including toxic diesel particulate matter.

Over the last several decades, CARB has placed increasingly stringent requirements on diesel fuel and diesel-powered vehicles to improve air quality, including engine model year requirements, annual (or more frequent) emissions testing and, most recently, zero-emission purchase requirements for certain fleets. Diesel-powered vehicles are prevalent in the agricultural sector, which contributes 18% of the state's particulate matter emissions. Medium-duty diesel-fueled trucks are commonplace on farms due to their durability, ruggedness and towing capabilities. Both MD/HD diesel-fueled trucks play a huge role in transport of goods from farms, to points of first processing, all the way to ports for shipment. The California Farm Bureau has highlighted the difficulty for agricultural fleets to understand and comply with the overlapping state regulations for on-road diesel vehicles, especially for owners of small fleets. In addition, the owner-operators of agricultural fleets may also be subject to emissions rules for off-road vehicles and equipment that are common on farms and ranches.

Starting in 2009, CARB's Truck and Bus Regulation (or Truck and Bus Rule) phased in requirements for owners of diesel-powered vehicles with GVWR of 14,001 pounds or greater and equipped with engine MY 2009 or older to replace their vehicles with newer vehicles or retrofit them with a cleaner engine—culminating in a final deadline of January 1, 2023, for all on-road diesel vehicles to have MY 2010 engines or newer. Agricultural vehicles were previously exempted from the requirements if they qualified for the low-use threshold of fewer than 10,000 miles driven per year; however, this threshold was reduced to 1,000 miles per year in 2023. Additional extensions were previously available to small fleets of one to three vehicles but they were repealed in view of a lawsuit brought by the California Trucker Association, arguing that such exemptions were improperly created in violation of California's Environmental Quality Act and Administrative Procedure Act. The Legislature further required the DMV to refuse registration to diesel-fueled vehicles that were not compliant with the Truck and Bus Rule or not otherwise outfitted with best available control technologies. Before the January 2023 deadline, CARB estimated that 36,900 diesel vehicles registered in California had 2007-2009 engines that had still not upgraded. However, final registration data from 2022 showed 71-98% compliance with Truck and Bus Rules, with smaller fleets having 10 or fewer California-registered vehicles still needing to comply.

In 2019, the Legislature directed CARB to develop and implement a program for heavy-duty vehicle inspection and maintenance (HD I/M). The HD I/M regulation went into force as the Clean Truck Check starting 2023, and required owners of nongasoline heavy-duty onroad motor vehicles having GVWR greater than 14,000 pounds to submit their vehicle to emissions tests multiple times per year. Owners of heavy-duty agricultural vehicles subject to the HD I/M program are required to register their vehicles with the program and undergo Clean Truck Check certification annually. As of January 1, 2024, certification is required as a pre-condition for registering and operating these vehicles in state, and vehicle owners may be subject to penalties for lack of compliance. Based on current enrollment and compliance rates, CARB has recently projected that approximately 25,000 vehicles per month will be blocked from obtaining DMV registration starting this month (April 2024).

More recently, the Advanced Clean Fleets (ACF) regulation promulgated by CARB, effective Jan 1, 2024, sets zero-emission purchase requirements for certain fleets of vehicles with GVWR 8,501 and higher (Class 2b-Class 8), including drayage trucks and high priority fleets (HPFs, where HPFs operate at least one vehicle Class 2b or greater in California and further either have \$50 million in annual gross revenue or at least 50 vehicles under common ownership). The ACF regulation allows for drayage trucks to remain on the road for their useful life, but requires 100% of purchases from 2024 onwards to be zero-emission vehicles (ZEVs); for HPFs, fleets may similarly transition to zero-emission vehicles at the end of each vehicle's useful life (model year schedule) or elect to meet ZEV targets as percentages of their total fleet (ZEV milestone option) by target dates. A parallel regulation, the Advanced Clean Truck (ACT) regulation, requires manufacturers to sell increasing percentages of MD/HD vehicles in California over time (55% of Class 2b – 3 truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales, by 2035) to match the expected demand induced by ACF.

Small, family-owned farms and ranches may find regulations especially complex to navigate due to technical and financial considerations involved. According to the Public Policy Institute of California, small farms are 77% of farms in San Joaquin Valley. Small farms are typified by low annual gross revenue (*e.g.*, gross cash farm income less than \$350,000) per the U.S. Department of Agriculture or low acreage (*e.g.*, between 1-100 acres) per San Joaquin Valley Air Pollution

Control District. On the technical side, owners of MD/HD diesel-fueled vehicles must first determine which regulations apply to them, whether they qualify for any exemptions, and, if not, what deadlines they must meet. On the financial side, owners must evaluate whether they have the means to purchase a new vehicle, or whether they can qualify for any state incentives or public or private lending assistance.

Due to the nature of farming, diesel-powered vehicles often only see seasonal use and can have useful lives beyond that of the average vehicle. The cost for upgrading to newer, cleaner diesel-fueled can be prohibitively expensive, let alone a ZEV. Even if ZEV equivalents were available and an owner or owner-operator of a small farm could afford one, a vehicle owner would also need to have access to reliable EV charging or hydrogen fueling infrastructure that is likely absent in a rural farming community.

There are a number of financial incentive and assistance programs available to owners and operators of small agricultural fleets, including the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, the Truck Loan Assistance Program (established in 2009 to help facilitate compliance with the Truck and Bus Rule) and the MD/HD ZEV Fleet Purchasing Assistance Program (established in 2021 to align with the ACF regulation).

However, although these programs are available, the existence of multiple MD/HD incentive and financing programs creates confusion among potential program recipients, leading to reduced program utilization and effectiveness. SB 372 (Levy) in 2021 required CARB to create the “ZEV Truck Stop”, a “one-stop-shop” to provide consumer information about all of the potential state ZEV financing options. Even so, the ZEV Truck Stop is specific only to zero-emission vehicles.

A November 2020 report “Financing the Transition: Unlocking Capital to Electrify Truck and Bus Fleets” (Environmental Defense Fund, EDF) examined barriers and provided recommendations on how to more effectively leverage public dollars and engage private capital. The report states “The traditional public and private mechanisms that have been developed to assist the purchase of cleaner trucks and buses are often mismatched with the highest priority needs for fleet transitions. Nationwide, most existing programs were designed for one-to-one replacements of older internal combustion trucks with new, less polluting ones. These programs have been limited in their ability to support new infrastructure or address the additional costs, risks, uncertainties and frictions that arise when shifting vehicle technology. Further, fleet owners often find existing grant programs to be administratively difficult and costly to navigate, given constraints such as reporting and vehicle scrappage requirements. The end result is a lost opportunity to replace more internal combustion vehicles with zero-emission ones.”

According to the author, “Recent years have seen an increasing number of emission regulations applied to agricultural trucks that smaller growers have struggled to comply with. In order to meet California’s emission reduction goals while ensuring California’s small farmers can continue to ship and sell their produce, we must ensure they understand and are able to comply with our clean air regulations. AB 2900 will do this by directing CARB to create a program of technical and financial assistance for owners of small agricultural truck fleets. This will help California’s farms navigate the obstacles blocking their acquisition of emission-compliant trucks, while making sure that the state’s transition away from polluting vehicles does not leave behind the state’s small farmers.”

Writing in support, the Western Agricultural Processors Association and California Cotton Ginners and Growers Association state that “the purchase of new, zero emission or near zero emission medium and heavy-duty vehicles is prohibitively expensive. While California’s annual farm gate value exceeds \$50 billion annually, 2024 data released from the U.S Department of Agriculture’s census identifies California’s average gross farm income is less than \$160,000/year. With the cost of a medium duty vehicle ranging from \$200,000 to \$800,000, most of California’s medium and small farms are not capable of affording the transition, even if financial incentives are available. Secondly, electrical charging infrastructure is inaccessible in the state’s rural regions, which are synonymous with agriculture. The L.A. Times recently published a study noting the necessary charging infrastructure would cost \$1 trillion, or \$54,000 to \$145,000 per vehicle. And negotiations with utility providers for access to power are inherently complex, resulting in significant delays in meeting electricity commitments. Rural, agricultural communities are often last served when statewide needs are at play. Failure to respond to these realities with financial and policy constraints will leave the agricultural sector in perpetual non-compliance and at risk of becoming financially insolvent, leading to significant food insecurity, job loss and decimating local economies in the state’s Central Valley.”

Committee comments: This bill requires CARB to establish the Small Agricultural Truck Fleet Assistance Program to provide dedicated technical and funding assistance to owner-operators or owners of small fleets transitioning to cleaner emission-compliant trucks. With a number of regulations coming into force (Truck and Bus Rule, Clean Truck Check, and ACF), owners and operators of small farms having small agricultural fleets have had to tackle with an overwhelming maze of regulations. The majority of small farm owners are likely not implicated in the ACF regulation. However, many owners-operators of small agricultural fleets still have to comply with both the Truck and Bus Rule and annual Clean Truck Checks.

While there are a number of financial assistance programs available for fleets to transition to cleaner vehicles, there remains a need to help smaller fleets, and particularly small agricultural fleets, navigate the technical and financial aspects of vehicle compliance.

The author may wish to consider having CARB coordinate with California Department of Food and Agriculture or local air districts to provide readily accessible technical assistance to small farms most in need.

Related Legislation: AB 126 (Reyes) Chapter 319, Statutes of 2023 requires the Energy Commission, in consultation with CARB and the DMV, to propose to the Legislature by January 1, 2026, alternative funding methodologies or fee structures for funding zero-emission vehicle infrastructure for light-, medium-, and heavy-duty vehicles, including an assessment of the economic equity of the alternatives.

SB 372 (Levy), Chapter 639, Statutes of 2021 establishes the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program within the Air Quality Improvement Program to make financing tools and nonfinancial supports available to operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles.

SB 210 (Leyva), Chapter 298, Statutes of 2019 directs CARB to implement a comprehensive program for heavy-duty vehicle inspection and regulation maintenance (HD I/M, the Clean Truck Check), requires the DMV to confirm that a heavy-duty vehicle is compliant with or

exempt from the program prior to initial registration or the transfer of ownership and registration, authorizes the DMV to issue a temporary permit valid for a specified period and subject to certain conditions to operate the vehicle, requires a legal owner or registered owner of the heavy-duty vehicle to maintain a certificate of compliance with the vehicle, with exceptions, and makes a violation subject to a notice issued by an officer to correct the violation.

AB 1044 (Gallagher) of 2023 would have required CARB to exempt agricultural vehicles and specialty agricultural vehicles that do not exceed 10,000 miles of operation annually from any regulation to reduce emissions of diesel particulate matter, oxides of nitrogen, and other criteria air pollutants from in-use, diesel-fueled vehicles. Re-purposed as California Agricultural Relief Act to appropriate \$100 million from the General Fund to provide grants under the California Small Agricultural Business Drought Relief Grant Program. Died in Assembly Appropriations Committee.

AB 345 (Caballero) of 2017 would have required CARB to exempt vehicles that do not exceed 5,000 miles annually and low-mileage agricultural vehicles, that meet certain requirements from any regulation to reduce emissions of diesel particulate matter, nitrogen oxides and other criteria air pollutants from in-use, diesel-fueled vehicles. Held in Senate Environmental Quality Committee.

SB 1 (Beall), Chapter 5, Statutes of 2017 requires the DMV, effective January 1, 2020, to confirm that a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, is compliant with, or exempt from, applicable air pollution control technology requirements, and to refuse registration, renewal, or transfer of registration if the vehicle is non-compliant with these requirements. SB 1 also prohibits any law or regulation after January 1, 2017, from requiring replacement or retrofit of a vehicle until the end of its useful lifetime.

REGISTERED SUPPORT / OPPOSITION:

Support

Almond Alliance
California Cattlemen's Association
California Cotton Ginners and Growers Association
California Farm Bureau
San Joaquin Valley Air Pollution Control District
Western Agricultural Processors Association

Opposition

None on file

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