

Date of Hearing: March 24, 2025

ASSEMBLY COMMITTEE ON TRANSPORTATION

Lori D. Wilson, Chair

AB 620 (Jackson) – As Introduced February 13, 2025

**SUBJECT:** Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program: rental vehicles

**SUMMARY:** Requires the California Air Resources Board (CARB) to consider specific provisions when analyzing the role of rental companies and rental vehicles when adopting or amending a regulation regarding the procurement or use of medium- and heavy-duty zero-emission vehicles (ZEV).

Specifically, **this bill:**

- 1) Requires CARB to consider the following when adopting or amending a regulation regarding the procurement or use of medium- and heavy-duty ZEVs:
  - a) That customers, not rental companies, drive rental vehicles and are responsible for the miles driven and any associated emissions;
  - b) The role that rental or shared mobility of medium- and heavy-duty ZEVs can play in helping obligated entities comply with regulations in a more cost-effective and flexible manner;
  - c) The role that rental or shared mobility of medium- and heavy-duty ZEVs can play in exposing customers to medium- and heavy-duty ZEV technology and related charging infrastructure and educating them about associated benefits, including lower maintenance and fuel costs;
  - d) The public health, air quality, and climate benefits of minimizing vehicle miles traveled of fossil-fueled medium- and heavy-duty vehicles, or of increasing vehicle miles traveled of medium- and heavy-duty ZEVs via rental vehicles; and,
  - e) The environmental and supply chain benefits of renting medium- and heavy-duty ZEVs compared to procuring them.

**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. (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, pursuant to SB 32 (Pavley), Chapter 249, Statutes of 2016 that CARB ensure that statewide GHG emissions are reduced to at least 40% below 1990 levels by 2030. (HSC 38566)

- 4) Provides, pursuant to the California Climate Crisis Act (AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022) that it is the policy of the state to do both of the following:
  - a) Achieve net zero GHG emissions as soon as possible but no later than 2045; and, ensure that by 2045, GHG emissions are reduced to at least 85% below 1990 levels.

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Why regulate vehicle emissions?* Mobile sources and the fossil fuels that power them are the largest contributors to the formation of ozone, GHG emissions, fine particulate matter (PM<sub>2.5</sub>), and toxic diesel particulate matter. In California, they are responsible for approximately 80% of smog-forming nitrogen oxide (NO<sub>x</sub>) emissions. They also represent about 50% of greenhouse gas emissions when including emissions from fuel production, and more than 95% of toxic diesel particulate matter emissions. Statewide, more than 21 million out of over 39 million Californians live in areas that exceed the federal ozone standards; within these areas, there are many low-income and disadvantaged communities that are exposed to not only ozone, but also particulate and toxic, pollutant levels significantly higher than the federal standards which have immediate and detrimental health effects.

*The National Ambient Air Quality Standards.* The Clean Air Act of 1970 instructs the U.S. Environmental Protection Agency (USEPA) to set primary National Ambient Air Quality Standards (NAAQS) to protect public health, and secondary NAAQS to protect plants, forests, crops and materials from damage due to exposure to six air pollutants. These pollutants include: particulate matter, ozone, nitrogen oxides, sulfur oxides, carbon monoxide, and lead.

Federal law (42 United States Code 7409 and 7410) requires that all states attain the NAAQS and develop State Implementation Plans (SIP) for nonattainment areas to attain the NAAQS, and attainment areas to maintain attainment. Failure of a state to reach attainment of the NAAQS by the target date can trigger penalties, including withholding of federal highway funds.

Under State law (Health and Safety Code (HSC) 39602), CARB is responsible for developing the SIP emission reduction strategies for cars, trucks, and other mobile sources to meet the requirements in the Clean Air Act. The California Department of Pesticide Regulation (DPR) is the State agency responsible for controlling pesticide emissions. Local air districts are primarily responsible for controlling emissions from stationary sources such as factories and power plants. CARB coordinates closely with the local air districts in the development of attainment plans which are then incorporated into the SIP.

*GHG reduction goals.* The Legislature has set a number of goals to reduce GHG emissions and address climate change. The Global Warming Solutions Act of 2006, AB 32 (Nuñez), Chapter 488, Statutes of 2006 and subsequent companion legislation SB 32 (Pavley), Chapter 249, Statutes of 2016, requires California to reduce statewide GHG emissions to 40% below the 1990 level by 2030. AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022 establishes the policy of the state to achieve carbon neutrality as soon as possible, but no later than 2045. CARB is responsible for developing a Scoping Plan to detail how the state will achieve its GHG emissions reduction targets mandated by law.

*Advanced Clean Fleet (ACF) Regulation.* To further these efforts, at the end of 2020, Governor Newsom issued EO N-79-20 which requires 100% of in-state sales of new passenger cars and trucks to be zero-emission by 2035. EO N-79-20 charges CARB with developing and proposing passenger vehicle and truck regulations requiring increasing volumes of new ZEVs sold in the state. CARB spent three years developing ACF which went into effect in late 2023 with initial compliance and reporting dates phasing in for certain fleets December 31, 2023. ACF was developed to require sales of new medium and heavy-duty vehicles and for drayage trucks, high priority fleets (fleets that have either \$50 million or more in gross annual revenues, or that own, operate, or have common ownership or control of a total of 50 or more vehicles) and state and local fleets to phase-in ZEVs.

California is granted special authority under the Clean Air Act (42 United States Code 7543) to adopt regulations that apply stricter emissions requirements on vehicles than set by the federal government. CARB must apply for a federal waiver from the USEPA to enforce these regulations. CARB applied for a waiver to enforce the ACF regulation on July 12, 2024. CARB withdrew their waiver request January 13, 2025. Without a federal waiver, CARB is only able to enforce the portion of ACF that requires state and local fleets to phase-in ZEVs.

*Committee comments:* This bill requires CARB to consider specific provisions relating to the role of rental companies and rental vehicles when adopting or amending a regulation regarding the procurement or use of medium- and heavy-duty ZEVs. In the context of ACF, rental companies, such as Enterprise Mobility (the sponsors of this bill), would be considered high priority fleets and CARB currently has no enforcement authority over these fleets. Currently under ACF, if a state or local fleet rents or leases a ZEV under a rental or leasing agreement of one year or longer that specifies the renting operator or lessee of the vehicle is the party responsible for compliance with state laws, that vehicle may be counted towards compliance for the state or local fleet.

*According to the author* “Certain CARB regulations, like the Advanced Clean Fleet (ACF) rule, were a missed opportunity to consider how rental ZEV trucks can provide regulatory compliance flexibility, reduce emissions, and improve public health. Fundamentally, customers of rental companies drive the trucks and thus should be responsible for the associated emissions. Regulations that reflect this reality can provide regulated entities like local governments with meaningful and cost-effective compliance options given the well-documented cost premium of EV trucks and lack of sufficient charging infrastructure.”

*Arguments in support:* According to the League of California Cities, “On behalf of the League of California Cities, we are pleased to communicate our support for AB 620, which would provide public fleets with additional options to meet the zero-emission vehicle (ZEV) procurement requirements under the Advanced Clean Fleet (ACF) regulation, adopted by the CA Air Resources Board on April 28, 2023. Unfortunately, the ACF regulation does not allow a fleet owner to claim compliance credit for renting a zero-emission truck over its internal combustion engine counterpart. This oversight unreasonably restricts the options available to public fleet owners, particularly those with less resources and limited budgets that are looking for cost-effective ways to meet the ACF’s ambitious goals. As a matter of policy, we believe that public fleets should have a variety of options available when developing their compliance plans. For local agencies that rent zero emission vehicles to supplement their existing fleets, we strongly believe that the use of zero emission vehicles should count towards the total compliance obligation for those fleets. The increased utilization of zero emission trucks would benefit local

air quality, reduce the investment costs for public entities electing to utilize those vehicles, and provide much needed flexibility that will allow public fleets to better serve the needs of the public.”

*Previous and related legislation:* AB 637 (Jackson) of 2023, required CARB to authorize a fleet owner’s rental of a ZEV, or ZEVs, for a cumulative total of 260 days per year to be considered ownership of one ZEV. AB 637 was vetoed by the Governor on September 29, 2024.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Electric Transportation Coalition  
California Special Districts Association  
California State Association of Counties  
California Trucking Association  
Enterprise Holdings  
League of California Cities

**Opposition**

No opposition on file

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