

Date of Hearing: April 22, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1411 (Reyes) – As Amended April 12, 2019

**SUBJECT:** Integrated action plan for sustainable freight

**SUMMARY:** Establishes as a state goal the deployment of 100,000 zero-emission medium- and heavy-duty vehicles and off-road vehicles and equipment, and the corresponding infrastructure to support them, by 2030; and requires specified state agencies to develop by January 1, 2021, and update every 5 years, an integrated action plan for sustainable freight. Specifically, **this bill:**

- 1) Establishes as a state goal the deployment of 100,000 zero-emission medium- and heavy-duty vehicles and off-road vehicles and equipment, and the corresponding infrastructure to support them, by 2030.
- 2) Requires by January 1, 2021, and at least every five years thereafter, the Public Utilities Commission, the California Air Resources Board (ARB), the California Department of Transportation (Caltrans), the State Energy Resources Conservation and Development Commission, and the Governor's Office of Business and Economic Development (Go-Biz) to develop and update an integrated action plan for sustainable freight.
- 3) Requires the integrated action plan to:
  - a) Identify strategies to deploy zero-emission medium- and heavy-duty vehicle technologies and off-road vehicle and equipment technologies whenever feasible, based on the aforementioned state goal;
  - b) Identify short-term and long-term strategies for the entire freight system, including, but not limited to, ports, shipyards, warehouses, distribution centers, and freight corridors;
  - c) Prioritize actions that significantly reduce air pollution in low-income communities and disadvantaged communities;
  - d) Identify funding needed to implement each strategy, and potential funding sources. If no funding source exists, the plan must outline potential new funding strategies for consideration; and
  - e) Establish a timeline for the implementation of each strategy.

**EXISTING LAW:**

- 1) Establishes ARB as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and coordinate with local air districts to control emissions from stationary sources in order to implement the Federal Clean Air Act.

- 2) Establishes the Global Warming Solutions Act of 2006, [AB 32 (Núñez), Chapter 244, Statutes of 2006], that requires ARB to establish programs to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020 including the use of market-based mechanisms (cap-and-trade) to comply with these regulations.
- 3) Requires ARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by 2030.
- 4) Establishes the Trade Corridor Enhancement Account (TCEA) and requires the California Transportation Commission (CTC) to allocate monies from the TCEA for infrastructure improvements in this state on federally designated Trade Corridors of National and Regional Significance, on the Primary Freight Network, and along other corridors that have a high volume of freight movement, as determined by CTC and as identified in the California Freight Mobility Plan (CFMP).
- 5) Encourages states, pursuant to the federal transportation authorization of 2012 (Moving Ahead for Progress in the 21st Century or MAP-21), to prepare state freight plans, in accordance with federal guidelines.
- 6) Requires the California State Transportation Agency (CalSTA) to develop a state freight plan in accordance with MAP-21 guidelines and establish an advisory committee made up of federal, state, local, and regional representatives as well as private sector and specified interest groups, to guide CFMP development.
- 7) Provides, pursuant to the federal Fixing America's Surface Transportation Act (FAST) Act, that states prepare a state freight plan as a condition to receive funding under National Highway Freight Program.

**FISCAL EFFECT:** Unknown

**COMMENTS:** California's sea ports of entry serve as key commercial gateways for the movement of billions of dollars' worth of products annually and, overall, freight movement generates about one-third of California's \$2.2 trillion economy and supports more than 5 million freight-dependent jobs. Freight movement (also known as goods movement) represents a complex web of goods being transported via ship, plane, train or truck using highways, local roads, railways, navigable waterways, key seaports, airports, warehouses, and intermodal facilities. Due to increasing market demands, freight movement is expected to continue to grow, impacting our state while also facing competition from other locations in the United States and across the world. However, despite the growth and economic benefits that goods movement represents, the industry also places a heavy burden on the state in terms of the increased demand on transportation infrastructure and increased environmental impacts. To reduce the environmental impacts of the transportation sector including freight, and to plan freight more comprehensively, the state has enacted various laws, regulations, initiatives and executive orders.

Most notably, AB 32 requires ARB to develop a plan to reduce GHG emissions to 1990 levels by 2020 and, subsequently, SB 32 (Pavley) Chapter 249, Statutes of 2016, requires ARB to ensure GHG emissions are reduced to at least 40% below 1990 levels by 2030. AB 32 also requires ARB to prepare and approve a Scoping Plan, to be updated every five years, to achieve the maximum technologically feasible and cost-effective reduction of GHG emissions by 2020 and AB 398

(Garcia), Chapter 135, Statutes of 2017, requires ARB to be update the Scoping Plan by January 1, 2018. Given that the transportation sector accounts for approximately 40% of GHG emissions, the Scoping Plan lays out various goals and efforts to reduce emissions from freight and mobile sources including to accelerate the use of clean vehicles, equipment, and fuels in the freight sector through targeted introduction of zero and near-zero emission technologies, and continued development of renewable fuels.

ARB has implemented various regulations to reduce emissions from the heavy-duty freight sector. There are more than 30 current or proposed regulations that effect the freight heavy-duty transportation sector including but not limited to: the Drayage Truck Regulation (limits drayage engines of specified model years from entering ports and railyards), the Cargo Handling Regulation (sets emission standards for cargo handling equipment at ports and rail yards) and the Truck and Bus Regulation (requires retrofits, and accelerates the turnover of old truck and buses to 2010 engine standards).

Recognizing the importance of freight, the state and federal government have placed a greater emphasis on planning for and funding goods movement projects. For example, the federal government through MAP-21, specifically directed the states to create state freight plans in order to be eligible for freight funding. In response, the Legislature passed AB 14 (Lowenthal), Chapter 233, Statutes of 2013, which directed CalSTA to develop a state freight plan no later than December of 2014. CalSTA released the CFMP in 2014. Subsequently, the federal government passed the FAST Act as a MAP-21 successor plan for surface transportation. The FAST Act also requires states to prepare a state freight plan as a condition of getting s funding and mandates that 10 specified elements be included. Germane to this bill are the elements that address mobility issues and identify major trends, needs and issues in the state. The CFMP is updated every five years and CalSTA is currently convening freight advisory committee meetings in preparation of the upcoming 2019 freight plan.

Further, in 2015, Governor Brown issued Executive Order B-32-15, which directed key agencies to create a sustainable freight plan with the goals of improving freight efficiency, transitioning to zero-emission technologies, and increasing competitiveness of California's freight system. These key agencies adopted the Sustainable Freight Action Plan in 2016. The plan provides short and long-term goals for state agencies to consider when planning for freight sustainability. Among other goals, the three main targets of the Sustainable Freight Action Plan include: 1) improve freight system efficiency relative to the amount of carbon produced by 25 percent by 2030 (tasked to Caltrans); 2) deploy over 100,000 freight vehicles and equipment capable of zero emission operation and maximize near-zero emission freight vehicles and equipment powered by renewable energy by 2030. (tasked to the ARB); and 3) establish a target or targets for increased State competitiveness and future economic growth within the freight and goods movement industry (tasked to Go-Biz). Unfortunately, almost three years later, Go-Biz has been unable to develop clear targets for the latter requirement.

With the recent passage of SB 1 (Beall), Chapter 5, Statutes of 2017, approximately \$300 million of annual state funds and approximately \$535 in federal funds have been slated specifically for freight projects, under the Trade Corridor Enhancement Program (TCEP). TCEP supports goals and principles of and is informed by the National Highway Freight Program, the CFMP and the Sustainable Freight Action Plan. Current law requires the CFMP and the 2016 Sustainable Freight Plan to inform how the state will plan, prioritize and fund freight transportation projects for the coming years.

The author has introduced this bill to codify the existing interagency process to develop a sustainable freight action plan, and require state agencies to update it every few years. The bill also makes it a goal of the state to deploy 100,000 zero-emission medium- and heavy-duty vehicles by 2030.

According to the author, “California’s freight system is the lifeblood of its economy – our ports and trade corridors are some of the busiest in the world. While our goods movement industry provides important economic benefits across the state, it also comes at a cost. Communities located nearby ports and along trade corridors suffer from a disproportionate amount of criteria pollution. This portion of the transportation sector is also responsible for a disproportionate amount of GHG emissions, exacerbating the climate crisis our state is experiencing. Since 2015, the state has focused on developing a plan to reduce emissions from our freight system while maintaining its economic competitiveness. We must continue to update the action plan to reflect the rapid changes in technology, infrastructure investment, and the state’s latest environmental goals”.

In support, CALSTART writes, “AB 1411 ensures the interagency Sustainable Freight Action Plan is consistently updated to maintain pace with the rapid development of cleaner technologies, and unequivocally signals California’s commitment to zero-emission vehicle technology wherever feasible with a bolster deployment goal. These signals are important to California continuing to attract additional private capital and manufacturing to the state for these technologies. For these reasons that CALSTART supports this measure.”

The Natural Gas Vehicle Coalition and Clean Energy oppose unless amended letter states, “Our organizations were supportive of the original plan that was adopted because of the “big tent” approach that it took to reduce emissions from a broad, diverse, and vital sector. This bill cherry-picks from that plan and sets a bad precedent after all the hard work that went in to engaging a plethora of stakeholders. The amendment we are seeking is to add near-zero emission freight vehicles and equipment powered by renewable energy to the state deployment goal of 100,000 medium and heavy-duty vehicles by 2030.”

*Committee Comments:* Meeting the environmental targets, moving to more zero-emission technologies, and complying with myriad state and federal regulations requires substantial investments from both private industry and the public. While ARB and other state agencies offer incentives, grants and other programs to finance and encourage the development of the newest and cleanest heavy-duty technologies, public funds will vastly fall short to help finance these efforts and private industry must make short and long-term investments.

For these reasons, it is imperative that the state consider all factors when developing a sustainable freight plan, including mobility and the economy. Lack of throughput in our roadways and investments in our infrastructure, as well as various environmental regulations compounded with no clear economic goals, can have problematic effects on the freight industry and the workforce associated with it. The 2016 Sustainable Freight Plan included three main goals, as mentioned earlier, and it is important that we evaluate all three goals together. The author may wish to consider adding the existing goals, as established in the 2016 Sustainable Freight Plan, and allow the relevant state agencies to update the goals based on input from these agencies and stakeholders from all sectors of the community, as done with the first plan. Adding a part of one goal (the bill omits “maximizing near-zero technologies” as part of a goal) may be arbitrary and may not give the state a holistic and sustainable view of the freight industry.

*Related legislation:* AB 371 (Frazier) would require Go-Biz to prepare a state wide economic assessment of the California freight sector by December 31, 2021 and to update the assessment at least every five years; and requires CalSTA to incorporate the findings of the assessment into the CFMP. AB 371 will be heard in this committee on April 22, 2019.

AB 1262 (O'Donnell) would require specified state agencies by January 1, 2021, and every 5 years thereafter to update the California Sustainable Freight Action Plan. AB 1411 will be heard by the Assembly Natural Resources Committee on April 22, 2019.

*Previous legislation:* AB 3015 (Caballero) of 2018 would have required the ARB by June 30, 2023, to develop a technical report that evaluates the cost and feasibility to transition to zero-emission cargo handling equipment and required CalSTA when developing the 2024 CFMP to consider ARB's technical report and address the development of freight-related infrastructure to support the introduction of zero-emission equipment at seaports and railyards. AB 3015 was held in the Assembly Appropriations Committee.

AB 134 (Assembly Budget Committee), Chapter 254, Statutes of 2017, appropriated \$140 million for freight equipment projects from GGRF.

SB 103 (Senate Budget and Fiscal Review), Chapter 103, Statutes of 2017, required CTC using the TCEA to fund freight transportation infrastructure projects.

SB 32 (Pavley), Chapter 249, Statutes of 2016, required ARB to ensure that statewide GHG emissions are reduced at least 40% below 1990 levels by 2030 and required ARB to update the Scoping Plan.

AB 14 (Lowenthal), Chapter 223, Statutes of 2013, required CalSTA to develop a Freight Mobility Plan.

AB 32 (Núñez), Chapter 488, Statutes of 2006, required ARB to develop a plan of how to reduce emissions to 1990 levels by the year 2020, established the cap-and-trade program, and required ARB to develop a climate change scoping plan.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

California Voices for Progress  
CALSTART  
DANNAR  
Environmental Defense Fund

### **Opposition**

California Trucking Association  
California Natural Gas Vehicle Coalition (unless amended)  
Clean Energy (unless amended)

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