

Date of Hearing: April 17, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 241 (Reyes) – As Amended March 23, 2023

**SUBJECT:** Clean Transportation Program: Air Quality Improvement Program: funding

**SUMMARY:** Reauthorizes fees that fund the Air Quality Improvement Program (AQIP), the Clean Transportation Program (CTP), and the Enhanced Fleet Modernization Program (EFMP) and makes changes to CTP and AQIP. Specifically, **this bill:**

*Reauthorization of fees*

- 1) Extends the following fees until January 1, 2035:
  - a) \$8 smog abatement fee increase, and subsequent \$4 deposit in the Air Quality Improvement Fund and \$4 deposit in the Alternative and Renewable Fuel and Vehicle Technology (ARFVT) Fund.
  - b) \$3 vehicle registration fee and subsequent \$2 deposit in the ARFVT Fund and \$1 in the Enhanced Fleet Modernization Subaccount.
  - c) \$5 identification plate fee increase and subsequent \$2.50 deposit in the ARFVT Fund and \$2.50 deposit in the Air Quality Improvement Fund.
  - d) \$10 vessel registration (even-numbered year) fee increase and subsequent \$5 deposit into the ARFVT Fund and \$5 deposit into the Air Quality Improvement Fund.
  - e) \$20 vessel registration (odd-numbered year) fee increase and subsequent \$10 deposit into the ARFVT Fund and \$10 deposit into the Air Quality Improvement Fund.

*Changes to CTP*

- 2) Requires the goals of CTP be to advance the state's clean transportation, equity, air quality, and climate emission policies, including, but not limited to: the Clean Truck and Bus Program, the short-lived climate pollutant strategy, the mobile source strategy, the Clean Cars 4 All Program, the electric vehicle charging infrastructure assessment, the study on barriers for low-income customers to zero-emission transportation options, the statewide strategy to reduce emissions of toxic air contaminants and criteria air pollutants in communities affected by a high cumulative exposure burden, and the Clean Freight Corridor Efficiency Assessment.
- 3) Requires the State Energy Resources Conservation and Development Commission (also known as the California Energy Commission or CEC), on or after January 1, 2025, when developing the CTP Investment Plan to ensure program investments support all of the following:
  - a) Annually increasing deployment of infrastructure and other projects that advance or support the deployment of medium- and heavy-duty vehicles that meet the clean transportation, equity, air quality, and climate emission goals.

- b) Annually increasing deployment of light-duty vehicle infrastructure technology to fill deployment gaps identified by the electric vehicle infrastructure charging and equitable deployment assessments.
- 4) On and after January 1, 2025, no less than 50% of CTP investments to be expended on projects as defined by new provisions (#6 below). The remaining 50% would be spent on investments consistent with existing CTP project eligibility criteria.
- 5) Requires CEC, on and after January 1, 2025, to expend at least 50% of CTP money on programs and projects that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians, and requires at least 50% of the funds for tangible location-based investments to be expended in disadvantaged and low-income communities.
- 6) Authorizes eligible programs and projects that meet the equity criteria to include, but not be limited to, any of the following:
  - a) Programs that fill gaps in equitable distribution of light-duty charging infrastructure;
  - b) Programs deploying publicly accessible or shared charging or refueling stations serving low-income customers who reside in disadvantaged and low-income communities, including programs to promote zero-emission car sharing, zero-emission transit, or vanpooling in those communities;
  - c) Infrastructure for public transportation and school bus electrification programs;
  - d) Programs that support the deployment of clean medium- and heavy-duty vehicles, including infrastructure deployment and other programs to displace local air pollution that disproportionately burdens disadvantaged and low-income communities;
  - e) Financial assistance and vehicle purchase, charging, or fueling incentives for customers residing in disadvantaged and low-income communities;
  - f) Multilingual marketing, education, and outreach designed to increase awareness and adoption of clean mobility options; and,
  - g) Programs that create high-quality jobs related to supporting new clean technologies in transportation and reduce household energy burdens related to vehicle charging.
- 7) Requires CEC to consult with the disadvantaged community advisory group and the CTP Investment Plan advisory body.
- 8) Removes the following from the criteria list that CEC is required to provide project preference to:
  - a) Viable alternative fuels that meet petroleum reduction and alternative fuel use goals.
  - b) The project's ability to decrease on a life-cycle basis, the discharge of water pollutants.
  - c) The project's ability to reduce on a life-cycle assessment GHG emissions by at least 10% from current gasoline and diesel fuel standards.
  - d) The project's use of alternative fuel blends of at least 20%.

*Changes to AQIP*

- 9) Makes the primary purpose of AQIP to fund projects to reduce criteria air pollutants in the logistics, truck, and port sectors; improve air quality in nonattainment basins, and improve the air quality impacts of zero-emission transportation fuels and vehicles, vessels, and equipment technologies.
- 10) Adds precommercial demonstrations of advanced vehicles, engines, equipment, and transportation systems to AQIP project funding eligibility.
- 11) Removes from AQIP project funding eligibility:
  - a) Research to determine the air quality impacts of alternative fuels and projects to study the life-cycle impacts of alternative fuels and conventional fuels, the emissions of biofuel and advanced reformulated gasoline blends, and air pollution improvements and control technologies for use with alternative fuels and vehicles; and,
  - b) Augmentations for the University of California's agricultural experiment station and cooperative extension programs for research to increase sustainable biofuels production and improve the collection of biomass feedstock.

**EXISTING LAW:***AB 8/AB 118 Programs**AQIP*

- 1) Establishes AQIP, administered by CARB, with the primary purpose of funding, upon appropriation by the Legislature, air quality improvement projects relating to fuel and vehicle technologies that reduce criteria air pollutants, improve air quality. Also, funds research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies. The fees that fund AQIP sunset January 1, 2024. (Health and Safety Code (HSC) 44274)
- 2) Limits AQIP to competitive grants, revolving loans, loan guarantees, loans, and other appropriate funding measures that further the purposes of the program.
- 3) Limits projects funded to only those explicitly listed in statute.

*CTP*

- 4) Establishes CTP, administered by CEC, with funding from vehicle and vessel registration, vehicle identification plates, and smog-abatement fees that provide up to \$100 million annually for grants, revolving loans, loan guarantees, and other financial assistance to accelerate the development and deployment of clean, efficient, low carbon alternative fuels and technologies. The fees that fund CTP sunset January 1, 2024. (HSC 44272)
- 5) Requires CEC to develop and adopt an investment plan, in consultation with an advisory body and through a public process, to determine priorities for investment of funds and technologies to achieve the goals of the CTP. Requires CEC to submit a draft update each January, coincident with the Governor's Budget. (HSC 44272.5 and 44272.7)

- 6) Requires CEC, in consultation with CARB, as part of the development of the investment plan, to assess whether charging station infrastructure is disproportionately deployed, and, to use CTP funding to more proportionately deploy new charging station infrastructure, unless CEC makes a finding that the disproportionate deployment is reasonable and furthers state energy or environmental policy. (Public Resources Code (PRC) 25231)
- 7) Requires CARB, in consultation with CEC, to develop and adopt guidelines for both CTP and AQIP to ensure that activities undertaken a) complement efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant and GHG emissions and b) maintain or improve upon emission reductions and air quality benefits in the State Implementation Plan for Ozone, California Phase 2 Reformulated Gasoline standards, and diesel fuel regulations. (HSC 44271)
- 8) Requires CEC to provide preference to projects that maximize the goals of the CTP, based on specified criteria. (HSC 44272)
- 9) Limits the activities funded under the CTP to only those explicitly named in statute. (HSC 44272)

#### *EFMP*

- 10) Requires CARB to adopt a program, in consultation with the Bureau of Automotive Repair (BAR), that allows for the voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters with sufficient remaining life, with guidelines ensuring compensation of at least \$1,500 for low-income motor vehicle owners and not more than \$1,000 for all other motor vehicle owners. (HSC 44125)

#### *AB 8/AB 118 Funds*

- 11) Creates the Air Quality Improvement Fund in the State Treasury, administered by CARB, with moneys in the fund, upon appropriation by the Legislature to be expended by CARB to implement the Air Quality Improvement Program. Authorizes the Legislature to transfer moneys from the fund to the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund. (HSC 44274.5)
- 12) Establishes the Enhanced Fleet Modernization Subaccount in the High Polluter Repair or Removal Account, with moneys deposited in the subaccount available, upon appropriation by the Legislature, to the Department of Consumer Affairs and BAR to establish and implement, and to CARB to implement and administer, the enhanced fleet modernization program for voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. (HSC 44125 and 44126)
- 13) Creates the Alternative and Renewable Fuel and Vehicle Technology (ARFVT) Fund in the State Treasury, administered by the CEC, with moneys in the fund, upon appropriation by the Legislature to be expended by CEC to implement the Clean Transportation Program. (HSC 44273)

*AB 8/AB 118 Fees:*

- 14) Beginning July 1, 2008, increases the smog abatement fee (HSC 44060) by \$8 and requires \$4 to be deposited in the Air Quality Improvement Fund and \$4 to be deposited in the ARFVT fund. Repeals the fee increase on January 1, 2024. (HSC 44060.5)
- 15) Beginning July 1, 2008, increases the vehicle registration fee (Vehicle Code (VEH) 9250) by \$3 and requires \$2 of the increase to be deposited in the ARFVT Fund and \$1 to be deposited into the Enhanced Fleet Modernization Subaccount. Repeals the fee increase on January 1, 2024. (VEH 9250.1)
- 16) Beginning July 1, 2008, increases the identification plate fee (VEH 9261, 1678) by \$5 and requires \$2.50 of the increase to be deposited into the ARFVT Fund and \$2.50 to be deposited into the Air Quality Improvement Fund. Repeals the fee increase on January 1, 2024. (VEH 9261.1)
- 17) Beginning July 1, 2008, increases the even-numbered year vessel registration fee (VEH 9853 (b)(1)) by \$10 and requires \$5 of the increase to be deposited into the ARFVT Fund and \$5 to be deposited into the Air Quality Improvement Fund. Repeals the fee increase on January 1, 2024. (VEH 9853.6 (a))
- 18) Beginning July 1, 2008, increases the odd-numbered year vessel registration fee (VEH 9853 (b)(2)) by \$20 and requires \$10 of the increase to be deposited into the ARFVT Fund and \$10 to be deposited into the Air Quality Improvement Fund. Repeals the fee increase on January 1, 2024. (VEH 9853.6 (b))

*Related state programs and climate goals:*

- 19) Establishes a disadvantaged community advisory group, consisting of representatives from disadvantaged communities, to review and provide advice on programs proposed to achieve clean energy and pollution reduction and determine whether those proposed programs will be effective and useful in disadvantaged communities. (Public Utilities Code (PUC) 400)
- 20) Creates the Clean Truck and Bus Program administered by CARB in conjunction with the CEC and upon appropriation of funding requires the program to develop, demonstrate, pilot, and deploy zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. (HSC 39719.2)
- 21) Requires CARB, no later than January 1, 2028, to approve and begin implementing the comprehensive short-lived climate pollutant strategy to achieve a reduction in the statewide emissions of methane by 40%, hydrofluorocarbon gases by 40%, and anthropogenic black carbon by 50% below 2013 levels by 2030. (HSC 39730.5)
- 22) Requires CARB, no later than January 1, 2021 and every five years after, in consultation with Caltrans, CEC, and the Governor's Office of Business and Economic Development (GO-Biz), to update the mobile source strategy to include a comprehensive strategy for the deployment of medium duty and heavy-duty vehicles in the state for the purpose of bringing the state into compliance with federal ambient air quality standards and reducing motor vehicle GHG emissions from medium duty and heavy-duty vehicles by 2030 and 2050, respectively. (HSC 43024.2)

- 23) Establishes the Clean Cars 4 All Program, administered by CARB, to focus on achieving reductions in the emissions of GHGs, 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. (HSC 44124.5)
- 24) Requires CEC, working with CARB and the Public Utilities Commission (CPUC), to prepare a statewide assessment of the electric vehicle charging infrastructure needed to support the levels of electric vehicle adoption required for the state to meet its goals of putting at least five million zero-emission vehicles (ZEVs) on California roads by 2030, and of reducing GHG emissions to 40% below 1990 levels by 2030. (PRC 25229)
- 25) Requires CARB, on or before January 1, 2017, in consultation with the CPUC and with input from relative state agencies and the public, to develop and publish a study on barriers for low-income customers to zero-emission and near-zero-emission transportation options, including those in disadvantaged communities, as well as recommendations on how to increase access to these transportation options to this targeted population. (PRC 25327)
- 26) Requires CARB, on or before October 1, 2018 and every five years after, in consultation with the Scientific Review Panel on Toxic Air Contaminants, the air districts, the Office of Environmental Health Hazard Assessment, environmental justice organizations, affected industry, and other interested stakeholders, to prepare a statewide strategy to reduce emissions of toxic air contaminants and criteria air pollutants in communities affected by a high cumulative exposure burden. (HSC 44391.2)
- 27) Requires the California Transportation Commission (CTC), in coordination with CARB, CPUC, CEC, and GO-Biz, to develop the Clean Freight Corridor Efficiency Assessment. (Government Code (GOV) 14517)

**FISCAL EFFECT:** Unknown

**COMMENTS:** Since 2006, California has set several goals to reduce greenhouse gas (GHG) emissions, address climate change, and improve the public health of its residents. These goals require incremental progress that will ultimately lead to larger emission reductions, including:

- 1) Reduce GHG emissions to 40% below 1990 levels by 2030. SB 32 (Pavley) Chapter 488, Statutes of 2016.
- 2) Reduce short-lived climate pollutant emissions, such as methane, to 40 to 50% below 2013 levels by 2030. SB 1383 (Lara) Chapter 395, Statutes of 2016).
- 3) Achieve a carbon-neutral economy by 2045 (AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022).

Additionally, California has led on the transition to ZEVs, setting specific goals to boost the supply of ZEVs as well as charging and fueling stations, including:

- 1) By 2025
  - a) 1.5 million ZEVs on the road. (Executive Order (EO) B-16-12)
  - b) Installation of 200 hydrogen-fueling stations and 250,000 battery-electric vehicle chargers, including 10,000 direct-current fast chargers, by 2025. (EO B-48-18)

- 2) By 2030
  - a) 5 million ZEVs on the road. (EO B-48-18)
  - b) 8 million ZEVs on the road. (California Air Resources Board (CARB) estimate to meet EO N-79-20)
  
- 3) By 2035
  - a) Transition 100% of new sales of passenger vehicles and trucks to ZEVs. (EO N-79-20)
  - b) Transition 100 percent of drayage trucks to zero emission. (EO N-79-20)
  - c) Transition 100% of operating off-road vehicles and equipment to zero emission everywhere feasible. (EO N-79-20)
  
- 4) By 2045
  - a) Transition 100% of operating medium- and heavy-duty trucks and buses to zero emission everywhere feasible. (EO N-79-20)

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 fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, NO<sub>x</sub>, and sulfur dioxide, affecting local air quality. In the transportation sector, measures to reduce GHG emissions include requiring the use of low carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled.

*ZEV regulations.* CARB finalized the Advanced Clean Truck (ACT) regulation in June 2020. ACT accelerates a large-scale transition of zero-emission medium-and heavy-duty vehicles (Class 2b to Class 8 vehicles). One of component of the regulation is a manufacturer sales requirement. Manufacturers who certify Class 2b-8 chassis or complete vehicles with combustion engines are required to sell zero-emission trucks as an increasing percentage of their annual California sales from 2024 to 2035. By 2035, zero-emission truck/chassis sales would need to be 55% of Class 2b – 3 truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales.

To further the transition to a zero-emission fleet, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20 which requires 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal. CARB is in the process of finalizing the Advanced Clean Fleet (ACF) regulation, and the Board will be voting on the item in April 2023.

EO N-79-20 also requires 100% of in-state sales of new passenger cars and trucks to be zero-emission by 2035. EO N-79-20 tasks CARB with developing and proposing passenger vehicle and truck regulations requiring increasing volumes of new ZEVs sold in the State towards that goal. EO-N-79-20 also tasked the State Energy Resources Conservation and Development Commission (also known as the Energy Commission or CEC) to update the biennial statewide assessment of ZEV infrastructure required by AB 2127 (Ting), Chapter 365, Statutes of 2018 to support the level of EV adoption required by the EO.

*ZEV infrastructure to support ZEV vehicles.* In 2021, the state reached a total of one million light-duty ZEVs sold in California. In the first three quarters of 2022, 17.7% of new vehicle sales were ZEVs. Based on the AB 2127 analysis, CEC projects that approximately 700,000 to 1.2 million public and shared-private chargers will be needed by 2030 to support 5 million to 8 million light-duty ZEVs, respectively. According to the CEC's ZEV Infrastructure Plan, 80,000 light-duty public and shared-private EV chargers currently operate statewide, with another estimated 17,000 on the way. The AB 2127 analysis calculates the state needs an additional 157,000 chargers to support 180,000 medium- and heavy-duty vehicles anticipated for 2030.

In contrast, CEC's 2022-23 Investment Plan Update for the Clean Transportation Program, anticipates that between public and private investments California will meet the goal of 200 hydrogen refueling stations (called for in EO B-48-18), with sufficient capacity to serve 273,000 fuel cell vehicles. Automakers expect to have 65,000 light-duty fuel cell vehicles on the road in 2028, so station capacity should not be a near-term barrier to light-duty fuel cell vehicle deployment once these stations are operational.

Recent ZEV infrastructure investments focus on the medium- and heavy-duty sector. According to the Alternative Fuels Data Center, "the rollout of heavy-duty hydrogen trucks, such as line-haul trucks, will necessitate very large stations compared to light-duty needs. The increase in production and distribution of hydrogen for these stations could improve efficiency and utilization of expensive capital equipment leading to lower fuel costs per kilogram, benefiting both heavy- and light-duty customers."

*AB 118/AB 8 program descriptions.* CTP provides funding to support innovation and accelerate the development and deployment of advanced transportation and fuel technologies. CTP invests in a broad portfolio of transportation and fuel transportation projects throughout the state, and leverages public and private investments to support adoption of cleaner transportation powered by alternative and renewable fuels. An Advisory Committee provides advice and guidance to the CEC and serves as a forum to consult on matters relative to developing the annual CTP Investment Plan.

AQIP funds projects that reduce criteria air pollutants and improve air quality, along with certain related research projects. In developing guidelines for AQIP, CARB holds public hearings and workshops in northern California, southern California, and the Central Valley. CARB provides preference in awarding funding to projects with higher benefit-cost scores that maximize the goals of AQIP, but is limited to those projects explicitly called out in statute. Every year, CARB must submit a proposed Funding Plan to the board for approval. The funding plan serves as the blueprint for expending Low Carbon Transportation (Greenhouse Gas Reduction Fund) and AQIP funds appropriated through the budget process. Examples of projects that have been funded by AQIP include truck loan assistance, CVRP, Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Truck Filter Replacements, and others.

EFMP is a voluntary vehicle scrap program that promotes advanced technology for low-income California residents that live in an air district that implements an EFMP. Recipients of these incentive funds must scrap their older, higher polluting vehicle and purchase a cleaner vehicle or they can receive an eligible mobility option, such as transit passes or a bicycle, in lieu of a replacement vehicle.



This bill extends the sunset dates for various motor vehicle and equipment fees currently supporting the CTP, which funds ZEV infrastructure, fuel production, workforce development, and manufacturing; AQIP, which funds cleaner truck technology, truck loans and advanced technology demonstrations; and EFMP, which provides incentives to low-income individuals to scrap high polluting vehicles and replace them with cleaner alternatives.

This bill focuses CTP and AQIP investments on medium- and heavy-duty ZEVs and related infrastructure, reduces the focus on alternative fuels, and supports filling in the gaps in equitable distribution of light-duty charging infrastructure.

This bill also directs 50% of the annual overall CTP program funds to disadvantaged and low-income communities; a goal committed to previously by CEC, but never officially codified.

This bill makes no changes to EFMP.

The fees this bill reauthorizes provide approximately \$173 million annually for incentive programs:

- 1) \$110 million for CEC’s CTP, with approximately \$100 million available for direct program costs and the remaining being used for program administration.
- 2) \$33 million for CARB.
  - a) \$30 million for AQIP.
  - b) \$2.8 million for CARB’s portion of EFMP.
- 3) \$30.6 million for BAR’s portion of EFMP.

The table below summarizes the various fees that sunset on January 1, 2024.

**Fees proposed for reauthorization under this bill**

	<b>AQIP</b>	<b>CTP</b>	<b>EFMP</b>
Smog Abatement Fee	\$4	\$4	--
Vehicle Registration Fee	--	\$2	\$1
Vessel Registration Fee <sup>a</sup>	\$10	\$10	--
Vehicle Identification Fee	\$2.50	\$2.50	--

<sup>a</sup>AQIP and CTP receive \$10 from vessel registration fees that become due in odd-numbered years and \$5 from vessel registration fees that become due in even-numbered years

The Governor's proposed budget also seeks to reauthorize the fees associated with these programs and make programmatic changes and updates (3360-14-BCP-2023-GB and related proposed trailer bill language).

“CEC and CARB request to: (1) extend until June 30, 2035 the portion of the vehicle registration fee described in Vehicle Code Section 9250.1 to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund (ARFVTF) and Enhanced Fleet Modernization Subaccount accounts, the portion of the smog abatement fee described in Health and Safety Code Section 44060.5 to be deposited in the Air Quality Improvement Fund (AQIF) and the ARFVTF accounts, the portion of the vessel registration fee described in Vehicle Code Section 9853.6 to be deposited in the ARFVTF and AQIF accounts, and the portion of the identification plate fee described in Vehicle Code Section 9261.1 to be deposited in the ARFVTF and AQIF accounts.

Additionally, the CEC proposes the following updates to the CTP: (2) focus the CTP on zero-emission transportation infrastructure, fuels, and technologies where feasible and near zero-emission elsewhere; (3) streamline and enhance the CTP by making the following administrative improvements: (a) expand sole source authority to include U.S. Department of Energy laboratories; and (4) expand definition of tribes beyond federally recognized tribes to include all California Native American tribes to provide greater consistency with other CEC programs and allow non-federally recognized tribes to also benefit from CTP.”

According to the author, “[This bill] would modernize CTP and AQIP at CARB to be zero-emission focused, address the gaps in light-duty ZEV charging infrastructure, support medium- and heavy-duty ZEVs, and create dedicated funding for low-income & disadvantaged communities. The bill would also reauthorize the fees that support these programs until 2035 which aligns with the Governor's Executive Order on ZEV sales in California. There is a need to focus public investments related to ZEVs in sectors of the market where private industry is unable or unwilling to go-such as ZEV infrastructure for disadvantaged low-income communities and multiunit dwellings. Funding for these important programs will expire at the end of this year and we need to modernize them so they are supporting California's modern needs.”

In support CALSTART writes, “Not only will extending these landmark programs help the state meet its climate and air quality goals, but will leverage billions in private-sector investment, create good jobs, accelerate the clean fuels industry, and attract substantial federal investment. Since the CTP, AQIP, and EFMP programs were established, California has developed a homegrown ZEV industry, employing nearly 70,000 Californians in vehicle and infrastructure manufacturing and supply-chain jobs. Without reauthorizing the fees established to support these programs, these clean transportation investments will lose approximately \$173M in funding per year and will be left without a stable ongoing funding source, which could have unintended consequences on the state's job market and economy, and its ability to reach its clean air and GHG reduction goals. This fixed source of funding has been made more important by the recent economic downturn affecting the state budget and general fund appropriated ZEV package.”

In addition to ensuring stable funding for these critical programs, [this bill] updates the CTP to prioritize investments in areas of the state where pollution is highest, dedicates 50% of funds for disadvantaged and low-income communities, and requires the CEC to consult with the Disadvantaged Community Advisory Group. This measure recognizes the disproportionate harm greenhouse gas emission poses to our most vulnerable communities and seeks to update our clean transportation and air quality programs to ensure that zero-emission transportation is more accessible and equitable in California.”

In opposition the California Hydrogen Coalition and California Hydrogen Business Council write, “We suggest CTP reauthorization be amended to update and renew California’s commitment to hydrogen. Specifically, we suggest the program allocate 30% of program dollars, not to exceed \$30M, for a total of \$300M to create a statewide and self-sufficient fueling network of 1,000 fueling stations. This allocation is not arbitrary, it aligns with the 2021 Hydrogen Self-Sufficiency Analysis done by the ARB which states, “self-sufficiency can be achieved in most representative scenarios by 2030 with \$300 million or less in State support beyond AB 8 (2014).” It also aligns with the ACCII regulation which indicates a minimum of 17% of the ZEV fleet will be fuel cell by 2035 for a total of 1.7 million fuel cell vehicles - - a figure necessitating well over 1,000 stations.”

*Double referral:* This bill is double referred to the Assembly Natural Resources Committee and will be heard by that Committee as it relates to issues under its jurisdiction.

*Related and previous legislation:* SB 84 (Gonzalez) of the current session is the companion bill to this bill. SB 84 passed out of the Senate Transportation Committee with a 10-4 vote and is currently in the Senate Environmental Quality Committee.

AB 2836 (E. Garcia) Chapter 355, Statutes of 2022 reauthorizes fees that fund the Carl Moyer Air Quality Standards Attainment Program until January 1, 2034.

AB 1389 (Reyes), Chapter 339, Statutes of 2022 clarifies criteria preferences of CTP projects.

SB 726 (Gonzalez) of 2021 would have revised the CTP to increase focus on clean air and equity investments. SB 726 was held on the Assembly floor.

AB 2772 (Reyes of 2020) would have revised CTP to no longer require CEC to provide certain project preferences and to additionally require CEC to provide preference to a project that has the ability to support advanced vehicle infrastructure needed to meet specified climate goals. The bill would have revise the list of projects that the commission is required to make eligible for funding to include, among others, medium- and heavy-duty vehicle research, pilot, demonstration, and deployment projects that reduce emissions from fleets in the goods movement and public transit sectors. AB 2772 was held in this committee due to COVID-related bill limitations.

AB 8 (Perea) Chapter 401, Statutes of 2013 extends increased vehicle registration fees, vessel registration fees, service fees for ID plates, and smog abatement fees to be deposited in ARFVT Fund, AQIF, and EFM subaccount until 2024. Requires CEC to allocate \$20 million annually from ARFTV fund to fund hydrogen fueling stations until there are at least 100 publicly available in the state.

AB 118 (Nuñez) Chapter 750, Statutes of 2007 creates CTP Program, AQIP, and EFMP. Creates ARFVT fund and allocates \$10 million to the fund from Public Interest Research, Development, and Demo Fund. Imposes increases, until January 1, 2016, on vehicle registration fees, vessel registration fees, service fees for ID plates, and smog abatement fees to be distributed to ARFVT fund, AQIF, and EFM subaccount.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

ABB  
BYD Motors  
California Electric Transportation Coalition  
CALSTART  
California Catholic Conference  
California Environmental Voters  
ChargePoint  
ChargerHelp!  
Chargie  
Coalition for Clean Air  
Communities for a Better Environment  
Electric Vehicle Charging Association  
Environment California  
EvBox  
Evgo Services  
FLO  
FreeWireTechnologies  
Greenlining Institute  
Natural Resources Defense Council  
Proterra  
Qmerit  
Union of Concerned Scientists  
Valley Clean Air Now  
Volvo Group North America  
Xeal  
Zeem Solutions

**Opposition**

California Hydrogen Business Council (unless amended)  
California Hydrogen Coalition (unless amended)  
Howard Jarvis Taxpayers Association

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