

Date of Hearing: June 17, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 400 (Umberg) – As Introduced February 20, 2019

**SENATE VOTE:** 38-0

**SUBJECT:** Reduction of greenhouse gases emissions: mobility options

**SUMMARY:** Expands the eligible modes of transportation for which the Clean Cars 4 All “mobility option” vouchers may be used to include bike sharing and electric bicycles.

**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 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, which requires the California Air Resources Board (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) Requires 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 Enhanced Fleet Modernization Program (EFMP), administered by ARB and the Bureau of Automotive Repairs (BAR), to provide for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters.
- 5) Establishes the greenhouse gas reduction fund (GGRF), requires all moneys, except for fines and penalties, collected pursuant to a market-based mechanism be deposited in the fund and requires the Department of Finance, in consultation with ARB and any other relevant state agency, to develop, as specified, an investment plan for the moneys deposited in the GGRF.
- 6) Establishes the Clean Cars 4 All Program, administered by ARB and implemented by air districts, to achieve reductions of GHG emissions, 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, including vouchers for public transit or car sharing.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Under the federal Clean Air Act, U.S. EPA establishes NAAQS for outdoor air throughout the country. Regions that do not meet the NAAQS are designated non-attainment areas. In California, much of the state is designated non-attainment ranging from marginal to severe, such as in the San Joaquin Valley. Since transportation emissions are considered a primary source of air pollutants, plans to help achieve attainment typically involve efforts to increase the retirement of old, dirty vehicles and replace them with cleaner cars.

ARB initially provided funding for vehicle retirement and replacement incentives with the adoption of AB 118 (Núñez), Chapter 750, Statutes of 2007. AB 118 created the Enhanced Fleet Modernization Program (EFMP) through a one dollar surcharge on motor vehicle registration, generating about \$30 million every year. There are two main features of EFMP: a scrap-only element administered state-wide by the Bureau of Automotive Repair (BAR), and a program run by regional air districts to scrap and replace vehicles in air basins with the worst air quality. In 2015, ARB created the EFMP Plus-Up, a complementary pilot project which provided additional incentives to lower-income consumers living in or near disadvantaged communities who replace their vehicles with advanced technology vehicles.

AB 630 (Cooper) Chapter 636, Statutes of 2017, codified the EFMP Plus-Up pilot, and renamed it the Clean Cars 4 All Program. Clean Cars 4 All is a voluntary car scrap and replacement program that focuses on providing incentives through California Climate Investments (CCI) to lower-income California drivers to scrap their older, high-polluting car and replace it with a zero- or near-zero emission replacement. AB 630 aims to focus the benefits of the program to low-income and disadvantaged communities and has a heavy emphasis on consumer protections, education on the new technologies, and coordination with other clean transportation programs.

In addition to replacing their old car with a new zero or near-zero emission replacement vehicle, the Clean Cars 4 All program authorizes participants to select an alternative mobility option, which currently includes public transit or car sharing vouchers. SB 400 would add bike sharing or the purchase of an electric bicycle to the list of mobility options.

As mentioned, the Clean Cars 4 All program is administered by the regional air quality management districts. Until this year, the program was available only in the San Joaquin Valley Air Pollution Control District, known as “Drive Clean in the San Joaquin,” and the South Coast Air Quality Management District (South Coast), known as “Replace Your Ride.” The program’s eligibility is based on household income as it relates to the federal poverty rates, and has a tiered incentive structure, with a minimum amount of \$2,500. Clean Cars 4 All is funded from the state’s cap-and-trade program. According to ARB’s most recent CCI report released March 2019, the Clean Cars 4 All program has received a total of roughly \$102 million in funding, with \$21.2 million worth of projects implemented.

As an alternative mobility option, Replace Your Ride offers participants up to \$4,500 for so-called “commuter bucks,” that can be used for ridesharing options like Zipcar, for car sharing, and vRide, for vanpooling. Additionally, vouchers are available for the area’s public transit providers, and some of the providers also offer reduced fare transit passes to qualifying participants.

Unlike a voucher for the purchase of a new or used low emission vehicle, providing incentives for the use of alternative mobility options is more complicated. Under the program, ARB requires a participant to own their low emission car for three years if that option is chosen.

Therefore, with the alternative mobility option, the benefit should also be able to last roughly three years. To that end, South Coast provides a debit card to participants that authorizes purchases from the eligible transportation services, and the participants get a fraction of the full incentive amount to spend each month. Unfortunately, the demand for this option has been quite low, with only three being issued of the roughly 4,600 participants in the program.

Last month, the Bay Area Air Quality Management District (BAAQMD), launched its version of Clean Cars 4 All, offering a Clipper Card, useable on all Bay area public transit systems, as an alternative mobility option. Additionally, Sacramento Metropolitan Air Quality District is currently developing its implementation plan, which should launch this year. It is anticipated that the public transit options will be more popular for participants in the Bay Area or Sacramento, as transit is more widely available.

The ARB is also in the final stages of guideline changes to the Clean Cars 4 All program. Part of the proposal is to increase upper limit on the alternative mobility options from \$4,500 to \$7,500 to encourage more participants to choose this replacement option. The increased amount was set to equal what a participant would receive for the most popular type of replacement vehicle.

According to the author, “existing law only allows individuals to retire their old polluting vehicle in exchange for incentives towards the purchase of a new or used hybrid, plug-in hybrid, or battery electric car. Alternatively, individuals can opt for a ‘mobility option’ voucher in the form of local transit passes or car-sharing programs. However, these incentive programs tend to be in communities with poor transit options. Access to electric bicycles and bicycle sharing programs currently are not eligible mobility options, which is a missed opportunity to support healthy, clean transportation options for communities of concern that face barriers to purchasing these alternatives due to cost.”

Writing in support of the bill, CALSTART states that, “in California, more than 15 percent of vehicle trips are less than one mile, and 80 percent are less than 10 miles. A recent study of American e-bike users indicates that about half of electric bicycle trips replace car trips of an average length of 9 miles.” Further, “SB 400 gives people the option to choose replacing a polluting car with an electric bicycle and gives the state an additional tool to reduce overall VMT rates.”

*Committee Comments:* As the state and regions continue to work toward the goal of reducing GHG emissions, as well as cutting other forms of air pollution, increasing the mode shift from single occupant car trips to cleaner cars and alternative forms of transportation, such as transit and bicycling, is an important element for success. Although, the alternative mobility options for the Clean Cars 4 All program have not been widely used, adding more options to the mix, such as bike sharing and the purchase of electric bicycles, will hopefully increase interest. Increasing the incentive amount to roughly \$7,500 seems high, but daily commuting in the San Francisco Bay area, for example, can be quite expensive, and the incentive will only be effective if it lasts a while. The purchase of an electric bike is likely the cheapest of the alternative mobility options, with a purchase price anywhere from \$500 to \$4,000. However, the air districts, such as BAAQMD, hope to offer combined services for participants, such as some incentive funding for public transit and some for the use of a car and bike share. This innovative approach will be up to the air districts but would likely make the program more popular.

*Previous legislation:* AB 630 (Cooper), Chapter 636, Statutes of 2017, establishes the Clean Cars 4 All Program to achieve reductions in the emissions of GHGs, improvements in air quality, and benefits to low-income residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or mobility options.

AB 118 (Núñez), Chapter 750, Statutes of 2007, enacts the Enhanced Fleet Modernization Program (EFMP) to provide compensation for the retirement and replacement of passenger vehicles and light-duty and medium-duty trucks that are high polluters.

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.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Active San Gabriel Valley  
Bicycle Product Suppliers Association  
Bosch  
California Bicycle Coalition  
CALSTART Inc.  
Central California Asthma Collaborative  
City Of Long Beach  
Coalition for Clean Air  
Natural Resources Defense Council  
People for Bikes  
Planning and Conservation League  
Safe Routes Partnership  
Sierra Club  
Small Business California  
The Greenlining Institute  
Transform  
Uber/JUMP

### **Opposition**

None on file

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