

Date of Hearing: July 1, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

SB 44 (Skinner) – As Amended June 19, 2019

SENATE VOTE: 30-7

SUBJECT: Medium- and heavy-duty vehicles: comprehensive strategy

SUMMARY: Requires the Air Resources Board (ARB) to update its 2016 mobile source strategy to include a comprehensive strategy for the deployment of medium- and heavy-duty vehicles in the state. Specifically, **this bill**:

- 1) Requires ARB, no later than January 1, 2021, and at least every five years thereafter, to update its 2016 mobile source strategy to include a comprehensive strategy for the deployment of medium- and heavy-duty vehicles in the state for the purpose of bringing the state into compliance with National Ambient Air Quality Standards (NAAQS) and reducing motor vehicle greenhouse gas (GHG) emissions from the medium- and heavy-duty vehicle sector.
- 2) Requires ARB to recommend reasonable and achievable goals for reducing emissions from medium- and heavy-duty vehicles by 2030 and 2050, respectively, as part of the comprehensive strategy, based on, but not limited to, the following factors:
 - a) The state's overarching emissions reduction goal;
 - b) The California Sustainable Freight Action Plan's goals;
 - c) Technological feasibility; and
 - d) Cost-effectiveness.
- 3) Requires ARB to include in its update to the mobile source strategy both of the following:
 - a) An identification of policies that provide advantages to fleets that reduce GHG emissions earlier than required by law; and
 - b) The coordination of plans for the attainment of NAAQS with relevant GHG emissions reduction goals.
- 4) Requires ARB, in developing the comprehensive strategy, to do all of the following:
 - a) Seek to maximize the reduction of criteria air pollutants;
 - b) Identify regulations that could improve market acceptance, spur technology advancements, and reduce technology costs;
 - c) Identify research needs to address any data gaps;

- d) Identify areas where ARB should coordinate with other state agencies, districts, utilities providers, and technology providers to implement measures identified as part of the comprehensive strategy;
 - e) Identify benefits to low-income communities and communities disproportionately impacted by diesel pollution; and
 - f) Identify policies that provide advantages to fleets that reduce GHG emissions early.
- 5) Requires ARB to submit the updated mobile source strategy to the relevant policy and fiscal committees of the Legislature.

EXISTING LAW:

- 1) Establishes the Federal Clean Air Act (FCAA), pursuant to federal law, that requires the U.S. Environmental Protection Agency to establish NAAQS for certain air pollutants due to their negative impact on public health and provides that regions that do not meet any one of the national standards are designated as non-attainment areas.
- 2) 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.
- 3) Establishes the Global Warming Solutions Act of 2006, AB 32 (Núñez), Chapter 244, Statutes of 2006, which requires ARB to determine the 1990 statewide 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.
- 4) 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.

FISCAL EFFECT: According to the Senate Appropriations Committee, ARB estimates costs of approximately \$400,000 annually to develop and adopt a comprehensive strategy for the deployment of medium- and heavy-duty vehicles, as well as potentially significant cost pressures, to the extent the update to the mobile source strategy results in prioritizing expenditures on the deployment of medium- and heavy-duty vehicles through the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

COMMENTS: Over 40% of California's GHG emissions are generated by the transportation sector, which includes both the light-duty (passenger cars) and medium- and heavy-duty fleets (such as, trucks, buses, off-road equipment). While cleaning up the entire transportation sector is important, an effort to improve the heavy-duty vehicle fleet is a high priority because this sector contributes greatly to GHG emissions as well as produces a variety of smog-forming pollutants such as oxides of nitrogen (NOx), particulate matter, reactive organic gasses, and other toxic air contaminants that contribute to poor air quality and associated health impacts.

To comply with the FCAA and attain national air quality standards, California must continually update portions of its State Implementation Plan (SIP). One element of the SIP is the state's mobile source strategy, which ARB last updated in 2016. Part of the 2016 mobile source

strategy identified that major changes and investments need to be made to clean up the heavy-duty transportation sector.

This bill requires ARB to update its mobile source strategy and for that strategy to include a number of elements – most importantly a comprehensive strategy to meet reasonable and achievable goals for reducing emissions from medium- and heavy-duty vehicles. Presumably, this strategy will include both regulatory requirements to change behavior as well as incentive funding to encourage early adoption of technological solutions. This bill also requires ARB to utilize a “beachhead market analysis” in order to target investments to technologies and applications that have strong potential to transfer and spread to broader applications.

According to the author, “Decades after the passage of the Clean Air Act, diesel trucks continue to contribute significant toxic air pollution to California’s air – impacting communities across the state. Fossil diesel-fueled trucks are responsible for 33 percent of statewide oxides of nitrogen (NOx) emissions annually, 20 percent of statewide GHG emissions, and emit more particulate matter than all of the state’s power plants combined. Children are particularly susceptible to health impacts from this pollution. It is imperative that California continue to work toward dramatically cutting reliance on fossil diesel, and support businesses in adopting new, clean medium- and heavy-duty vehicle technologies.”

Many environmental and clean fuel organizations write in support of this bill, indicating that they believe it to be a critical step in addressing air quality impacts of the medium- and heavy-duty vehicle sector.

Committee comments. Developing and deploying new powertrain technologies for heavy-duty vehicles will not be inexpensive. Higher costs for trucking result in higher prices for consumers. The question is whether the benefits exceed the costs. The author’s intent is to acquire multi-year commitments of Greenhouse Gas Reduction Fund revenues, which are derived from California’s Cap and Trade Program, to provide appropriate incentives. If the author is successful in dedicating funding to an appropriate level of incentives, then the state may be able to minimize the financial impacts of this bill’s aim.

Earlier versions of this bill included ambitious, specific air quality goals which subsequently were amended out of the bill. Following these amendments, business organizations have dropped their opposition and now support the bill stating that, “The amended language will better align meeting California’s ambitious climate goals with ensuring continued economic vitality for our state.”

Double referral. This bill will be referred to the Assembly Natural Resources Committee should it pass out of this committee.

Related legislation. AB 1262 (O’Donnell) requires several state agencies to regularly update, every five years, the California Sustainable Freight Action Plan, with the first update to be completed by January 1, 2021. This bill is pending hearing in Assembly Appropriations Committee.

SB 210 (Leyva) requires ARB to adopt and implement regulations for a Heavy-Duty Vehicle Inspection and Maintenance Program for nongasoline, heavy-duty, on-road vehicles. This bill is set to be heard in this committee on July 1, 2019.

REGISTERED SUPPORT / OPPOSITION:

Support

American Lung Association In California
Bay Area Air Quality Management District
California Business Properties Association
California Chamber of Commerce
California Manufactures & Technology Association
California Trucking Association
CALSTART Inc.
Ceres, Inc.
CR&R, Inc.
Environmental Working Group
Los Angeles County Business Federation (Bizfed)
Natural Resources Defense Council
Neste US, Inc.
San Gabriel Valley Economic Partnership
Southern California Edison

Opposition

None on file

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