

Date of Hearing: July 1, 2019

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
SB 216 (Galgiani) – As Amended June 19, 2019

SENATE VOTE: 38-0

SUBJECT: Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange

SUMMARY: Includes a heavy-duty truck exchange as an eligible project for funding under the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program). Specifically, **this bill:**

- 1) Specifies that an eligible project for the Carl Moyer Program, in addition to those currently authorized, is a heavy-duty truck exchange that accomplishes all of the following:
 - a) Encourages owners of fleets to partner with each other in an application;
 - b) Allows, when two or more fleets partner in an application, for the scrapping requirements to be met with the most-polluting vehicle eligible in any of the participating fleets;
 - c) Ensures consistency with the other requirements for Carl Moyer Program funding; and
 - d) Requires a vehicle to remain in the state for the project life of the vehicle.
- 2) Requires the California Air Resources Board (ARB), by December 31, 2020, to hold a public workshop and to develop a comprehensive and streamlined plan to help air districts implement the requirements of this bill.
- 3) Sunsets the provisions of the bill on January 1, 2025.

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, encourage, and review the efforts of all levels of government as they affect air quality.
- 2) Establishes the Carl Moyer Program, to be administered by ARB, to fund the incremental cost of eligible projects that reduce emissions of air pollutants from vehicular sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts.
- 3) Defines the following projects as eligible for the Carl Moyer Program:
 - a) Purchase of new very low or zero-emission covered vehicles or covered engines;

- b) Emission-reducing retrofit of covered engines, or replacement of old engines powering covered sources with newer engines certified to more stringent emissions standards than the engine being replaced, or with electric motors or drives;
- c) Purchase and use of emission-reducing add-on equipment for covered vehicles; and
- d) Development and demonstration of practical, low-emission retrofit technologies, repower options, and advanced technologies for covered engines and vehicle with very low emissions of NO_x.

FISCAL EFFECT: According to the Senate Appropriations Committee, ARB estimates first-year costs of \$369,000 for two staff, and ongoing costs of \$546,000 for three staff to administer this new element of the Carl Moyer Program, as well as unknown potentially significant cost pressures related to the addition of a new eligibility option for funding under the Program.

COMMENTS: The Carl Moyer Program is a voluntary grant program that reduces air pollution from vehicles and equipment by providing incentive funds to private companies and public agencies to purchase cleaner-than-required engines, equipment, and emission reduction technologies. The program has been implemented since 1998 through a partnership between ARB and California's 35 local air pollution control and air quality management districts. When the Carl Moyer Program was initially established by AB 1571 (Villaraigosa), Chapter 923, Statutes of 1999, it was funded by General Fund appropriations. Subsequent legislation, AB 923 (Firebaugh), Chapter 707, Statutes of 2004, expanded the program to additional pollutants and engines, established permanent funding through a 75-cent tire fee, and authorized air districts to levy a surcharge on vehicle registrations in their jurisdictions. The program also receives a portion of the smog abatement fee (\$6) included in the annual registration of newer vehicles. ARB disburses these funds to air districts, who implement the programs in their local jurisdictions.

Local air districts administer these grants and select which projects to fund. ARB works collaboratively with the districts and other stakeholders to set guidelines and ensure the program reduces pollution and provides cleaner air for Californians. According to ARB, the Carl Moyer Program provides about \$60 million for projects each year statewide. The program pays up to 85% of the cost to repower engines and up to 100% to purchase an ARB-verified retrofit device. Maximum grant amounts vary for purchase of new vehicles and equipment.

This bill proposes a new way for fleet owners to qualify for grants from the Carl Moyer Program. Specifically, this bill creates the opportunity for a partnership between two fleets, for example between a modern, well-off trucking firm and an older, less-capitalized trucking firm. The modern firm has trucks which meet current emission standards and are relatively new. They would like to use the Carl Moyer incentives to upgrade some of their trucks to the newest, cleanest version, but they don't have any older, lower-value trucks to scrap. The older firm has trucks which also meet the current emission standards but are relatively old. They have trucks that could be scrapped but have no economic incentive to do so. Under this bill these two firms could partner, with the modern firm upgrading to new, cleaner trucks and the older firm scrapping one of their more polluting trucks at a price negotiated with the modern firm.

According to the author, "California has spent billions on providing incentives and grants for fleets to purchase new alternative vehicles to help our state achieve our clean air goals by

financially rewarding those that go above and beyond on reducing emissions. With non-attainment deadlines for the San Joaquin Valley and the South Coast regions fast approaching, it's a moral imperative that we work as fast as we can to provide Californians with clean air now. They should not have to wait. SB 216 provides an avenue for small fleets to have greater access to the incentive dollars in the Carl Moyer Program while also creating a California used truck market for alternative fueled vehicles. This bill will help get cleaner trucks into the hands of small fleets and accelerate the removal of the dirtiest trucks off our roads.”

The Rural County Representatives of California (RCRC), writing in support of the bill, point out that, under the existing Carl Moyer Program, if a grant is awarded for truck replacement, the older truck must be scrapped. RCRC states that “While this method undoubtedly reduces emissions, it is not the most efficient mechanism to maximize emissions reductions. This is because the scrapped truck may still be a cleaner truck than many other trucks on the road in a given region. RCRC supports SB 216 because we believe that the proposed truck exchange program can achieve even deeper emissions reductions by allowing fleets to partner in the application process. In such exchanges, only the dirtiest vehicle will be scrapped. Conceptually, SB 216 allows Fleet B to take over the truck that Fleet A would otherwise have to scrap in exchange for Fleet B scrapping a dirtier vehicle than it obtains from Fleet A. As California works to further reduce its vehicle emissions, we believe that SB 216 achieves greater emission reductions at the same overall cost.”

The South Coast Air Quality Management District submitted a letter seeking clarifying amendments to this bill, specifically requesting that requirements of the new type of projects are consistent with existing eligible projects in the program. With the amendments it proposes, South Coast would be supportive of this bill. On the other hand, the bill requires ARB to hold workshops and develop plans to help air districts implement the newly eligible projects and it seems reasonable to assume South Coast will have an opportunity to resolve its issues through that process.

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

REGISTERED SUPPORT / OPPOSITION:

Support

Almond Alliance of California
Bioenergy Association of California
California Grain & Feed Association
Clean Energy
Coalition for Renewable Natural Gas
Pacific Coast Rendering Association
Rural County Representatives of California
Western Propane Gas Association

Opposition

None on file

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