

AMENDED IN SENATE APRIL 18, 2013

SENATE BILL

No. 11

**Introduced by Senators Pavley and Rubio
(Principal coauthor: Senator Hill)**

December 3, 2012

An act to amend Sections 41081, 44060.5, 44225, 44229, 44272, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, and to add Sections 43018.9, 43867.5, and 43867.6 to, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 11, as amended, Pavley. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission (commission), to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to

develop and adopt an investment plan to determine priorities and opportunities for the program.

This bill would provide that the State Air Resources Board (state board), until January 1, 2024, has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any person to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen fueling station. The bill would require the state board to aggregate and make available to the public, no later than January 1, 2014, and every two years thereafter, the number of vehicles that automobile manufacturers project to be sold or leased, as reported to the state board. The bill would require the commission to allocate \$20 million each fiscal year, as specified, and up to \$20 million each fiscal year thereafter, as specified, for purposes of achieving a hydrogen fueling network sufficient to provide convenient fueling to vehicle owners, and expand that network as necessary to support a growing market for vehicles requiring hydrogen fuel, until there are at least 100 publicly available hydrogen fueling stations. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the state board to jointly review and report on the progress toward establishing a hydrogen fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. The bill, no later than July 1, 2013, would require the state board and air districts to jointly convene working groups to evaluate the specified policies and goals of specified programs. *The bill would add intelligent transportation systems as a category of projects eligible for funding under the Alternative and Renewable Fuel and Vehicle Technology Program.*

(2) Existing law requires the commission, in partnership with the state board, to develop and adopt a state plan to increase the use of alternative transportation fuels.

This bill would require the commission and the state board, among other things, to coordinate efforts to measure the progress of alternative fuels use. The bill would require the commission, in consultation with the state board, on or before November 1, 2014, to update a specified economic analysis. The bill would require the commission and the state

board, to evaluate how the use of new and existing investment programs could be used to increase the state alternative transportation fuels use, and evaluate how the impact of federal fuel policies and existing state policies will help increase the use of alternative transportation fuels in the state. The bill would require the commission and the state board, on or before November 1, 2015, and every 2 years thereafter, to report in the integrated energy policy report, as specified, the status of the state alternative transportation fuels use, as specified, and make specified evaluations. The bill would require the state board to include a finding on the effect of proposed regulations on state alternative transportation fuels use.

(3) Existing law, until January 1, 2016, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund, and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.

Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

(4) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer program), which is administered by the state board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts. Existing law, beginning January 1, 2015, limits the Carl Moyer program to funding projects that reduce emissions of oxides of nitrogen (NO_x).

This bill would extend the current authorization for the Carl Moyer program to fund a broader range of projects that reduce emissions until January 1, 2024, and would make other conforming changes in that regard.

(5) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6) Existing law authorizes each air pollution control and air quality management district (district) that has been designated a state nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that district, as specified by the governing body of the district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by a district, and requires the department, after deducting its administrative costs, to distribute the revenues to the districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(7) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed, be deposited in the Air Pollution Control Fund, these moneys to be available upon appropriation by the Legislature for use by the state board and districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would, on January 1, 2015, instead increase the tire fee to \$1.50 per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

(8) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41081 of the Health and Safety Code, as
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is
3 amended to read:

4 41081. (a) Subject to Article 3.7 (commencing with Section
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
6 Government Code, or with the approval of the board of supervisors
7 of each county included, in whole or in part, within the Sacramento
8 district, the Sacramento district board may adopt a surcharge on
9 the motor vehicle registration fees applicable to all motor vehicles
10 registered in those counties within the Sacramento district whose
11 boards of supervisors have adopted a resolution approving the
12 surcharge. The surcharge shall be collected by the Department of
13 Motor Vehicles and, after deducting the department's
14 administrative costs, the remaining funds shall be transferred to
15 the Sacramento district. Prior to the adoption of any surcharge
16 pursuant to this subdivision, the district board shall make a finding
17 that any funds allocated to the district as a result of the adoption
18 of a county transportation sales and use tax are insufficient to carry
19 out the purposes of this chapter.

20 (b) The surcharge shall not exceed six dollars (\$6).

21 (c) After consulting with the Department of Motor Vehicles on
22 the feasibility thereof, the Sacramento district board may provide,
23 in the surcharge adopted pursuant to subdivision (a), to exempt
24 from all or part of the surcharge any category of low-emission
25 motor vehicle.

26 (d) Funds received by the Sacramento district pursuant to this
27 section shall be used by that district as follows:

28 (1) The revenues resulting from the first four dollars (\$4) of
29 each surcharge shall be used to implement reductions in emissions
30 from vehicular sources, including, but not limited to, a clean fuels
31 program and motor vehicle use reduction measures.

32 (2) The revenues resulting from the next two dollars (\$2) of
33 each surcharge shall be used to implement the following programs

1 that achieve emission reductions from vehicular sources and
2 off-road engines, to the extent that the district determines the
3 program remediates air pollution harms created by motor vehicles
4 on which the surcharge is imposed:

5 (A) Projects eligible for grants under the Carl Moyer Memorial
6 Air Quality Standards Attainment Program (Chapter 9
7 (commencing with Section 44275) of Part 5).

8 (B) The new purchase, retrofit, repower, or add-on of equipment
9 for previously unregulated agricultural sources of air pollution, as
10 defined in Section 39011.5, within the Sacramento district, for a
11 minimum of three years from the date of adoption of an applicable
12 rule or standard, or until the compliance date of that rule or
13 standard, whichever is later, if the state board has determined that
14 the rule or standard complies with Sections 40913, 40914, and
15 41503.1, after which period of time, a new purchase, retrofit,
16 repower, or add-on of equipment shall not be funded pursuant to
17 this chapter. The district shall follow any guidelines developed
18 under subdivision (a) of Section 44287 for awarding grants under
19 this program.

20 (C) The purchase of new, or retrofit of emissions control
21 equipment for existing, schoolbuses pursuant to the
22 Lower-Emission School Bus Program adopted by the state board.

23 (D) An accelerated vehicle retirement or repair program that is
24 adopted by the state board pursuant to authority granted hereafter
25 by the Legislature by statute.

26 (E) The replacement of onboard natural gas fuel tanks on
27 schoolbuses owned by a school district that are 14 years or older,
28 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant
29 to the Lower-Emission School Bus Program adopted by the state
30 board.

31 (F) The enhancement of deteriorating natural gas fueling
32 dispensers of fueling infrastructure operated by a school district
33 with a one-time funding amount not to exceed five hundred dollars
34 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
35 Program adopted by the state board.

36 (e) Not more than 5 percent of the funds collected pursuant to
37 this section shall be used by the district for administrative expenses.

38 (f) A project funded by the program shall not be used for credit
39 under any state or federal emissions averaging, banking, or trading
40 program. An emission reduction generated by the program shall

1 not be used as marketable emission reduction credits or to offset
2 any emission reduction obligation of any person or entity. Projects
3 involving new engines that would otherwise generate marketable
4 credits under state or federal averaging, banking, and trading
5 programs shall include transfer of credits to the engine end user
6 and retirement of those credits toward reducing air emissions in
7 order to qualify for funding under the program. A purchase of a
8 low-emission vehicle or of equipment pursuant to a corporate or
9 a controlling board's policy, but not otherwise required by law,
10 shall generate surplus emissions reductions and may be funded by
11 the program.

12 (g) This section shall remain in effect only until January 1, 2024,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2024, deletes or extends that date.

15 SEC. 2. Section 41081 of the Health and Safety Code, as added
16 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended
17 to read:

18 41081. (a) Subject to Article 3.7 (commencing with Section
19 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
20 Government Code, or with the approval of the board of supervisors
21 of each county included, in whole or in part, within the Sacramento
22 district, the Sacramento district board may adopt a surcharge on
23 the motor vehicle registration fees applicable to all motor vehicles
24 registered in those counties within the Sacramento district whose
25 boards of supervisors have adopted a resolution approving the
26 surcharge. The surcharge shall be collected by the Department of
27 Motor Vehicles and, after deducting the department's
28 administrative costs, the remaining funds shall be transferred to
29 the Sacramento district. Prior to the adoption of any surcharge
30 pursuant to this subdivision, the district board shall make a finding
31 that any funds allocated to the district as a result of the adoption
32 of a county transportation sales and use tax are insufficient to carry
33 out the purposes of this chapter.

34 (b) ~~The surcharge shall not exceed two dollars (\$2) for each~~
35 ~~motor vehicle whose registration expires on or after December 31,~~
36 ~~1989, and prior to December 31, 1990. For each motor vehicle~~
37 ~~whose registration expires on or after December 31, 1990, the~~
38 ~~surcharge shall not exceed four dollars (\$4).~~

39 (c) After consulting with the Department of Motor Vehicles on
40 the feasibility thereof, the Sacramento district board may provide,

1 in the surcharge adopted pursuant to subdivision (a), to exempt
2 from all or part of the surcharge any category of low-emission
3 motor vehicle.

4 (d) Funds received by the Sacramento district pursuant to this
5 section shall be used to implement the strategy with respect to the
6 reduction in emissions from vehicular sources, including, but not
7 limited to, a clean fuels program and motor vehicle use reduction
8 measures. Not more than 5 percent of the funds collected pursuant
9 to this section shall be used by the district for administrative
10 expenses.

11 (e) This section shall become operative on January 1, 2024.

12 SEC. 3. Section 43018.9 is added to the Health and Safety
13 Code, to read:

14 43018.9. (a) For purposes of this section, the following terms
15 have the following meanings:

16 (1) “Commission” means the State Energy Resources
17 Conservation and Development Commission.

18 (2) “Publicly available hydrogen fueling station” means the
19 equipment used to store and dispense hydrogen fuel to vehicles
20 according to industry codes and standards that is open to the public.

21 (b) (1) Notwithstanding any other law, the state board shall
22 have no authority to enforce any element of its existing clean fuels
23 outlet regulation or of any other regulation that requires or has the
24 effect of requiring that any person construct, operate, or provide
25 funding for the construction or operation of any publicly available
26 hydrogen fueling station.

27 (2) This subdivision shall become inoperative on January 1,
28 2024.

29 (c) The state board shall aggregate and make available to the
30 public no later than January 1, 2014, and every two years thereafter,
31 the number of vehicles that automobile manufacturers project to
32 be sold or leased, as reported to the state board pursuant to Section
33 2303(a) of Title 13 of the California Code of Regulations.

34 (d) (1) The commission shall allocate twenty million dollars
35 (\$20,000,000) each fiscal year, beginning July 1, 2013, through
36 June 30, 2016, and up to twenty million dollars (\$20,000,000) each
37 fiscal year thereafter, not to exceed 20 percent of moneys
38 appropriated by the Legislature from the Alternative and
39 Renewable Fuel and Vehicle Technology Fund, established
40 pursuant to Section 44273, for purposes of achieving a hydrogen

1 fueling network sufficient to provide convenient fueling to vehicle
2 owners, and expand that network as necessary to support a growing
3 market for vehicles requiring hydrogen fuel, until there are at least
4 100 publicly available hydrogen fueling stations.

5 ~~(2) Based on the results of the review set forth in paragraph (4),~~
6 ~~the commission may defer allocating the moneys set forth in~~
7 ~~paragraph (1) as needed to keep the number of fueling stations~~
8 ~~matched to the fueling needs of the vehicles.~~

9 (3)

10 (2) Notwithstanding paragraph (1), once the commission
11 determines, in consultation with the state board, that the private
12 sector is establishing publicly available hydrogen fueling stations
13 without the need for government support, the commission may
14 cease providing funding for those stations.

15 (4)

16 (3) On or before December 31, 2015, and annually thereafter,
17 the commission and the state board shall jointly review and report
18 on progress toward establishing a hydrogen fueling network that
19 provides the coverage and capacity to fuel vehicles requiring
20 hydrogen fuel that are being placed into operation in the state. The
21 commission and the state board shall consider the following,
22 including but not limited to, the available plans of automobile
23 manufacturers to deploy fuel cell vehicles in California and their
24 progress toward achieving those plans, the rate of hydrogen fuel
25 cell deployment, the length of time required to permit and construct
26 hydrogen fueling stations, the coverage and capacity of the existing
27 hydrogen fueling station network, and the amount and timing of
28 growth in the fueling network to ensure fuel is available to these
29 vehicles. The review shall also determine the remaining cost and
30 timing to establish a network of 100 publicly available hydrogen
31 fueling stations and whether funding from the Alternative and
32 Renewable Fuel and Vehicle Technology Program remains
33 necessary to achieve this goal.

34 (e) To assist in the implementation of this section and maximize
35 the ability to deploy fueling infrastructure as rapidly as possible
36 with the assistance of private capital, the commission may design
37 grants, loan incentive programs, revolving loan programs, and
38 other forms of financial assistance. The commission also may enter
39 into an agreement with the Treasurer to provide financial assistance
40 to further the purposes of this section.

1 (f) Funds appropriated to the commission for the purposes of
2 this section shall be available for encumbrance by the commission
3 for up to four years from the date of the appropriation and for
4 liquidation up to four years after expiration of the deadline to
5 encumber.

6 (g) Notwithstanding any other law, the state board, in
7 consultation with air districts, no later than July 1, 2013, shall
8 convene working groups to evaluate the policies and goals
9 contained within the Carl Moyer Memorial Air Quality Standards
10 Attainment Program, pursuant to Section 44280, and Assembly
11 Bill 923 (Chapter 707 of the Statutes of 2004).

12 SEC. 4. Section 43867.5 is added to the Health and Safety
13 Code, to read:

14 43867.5. The Legislature finds and declares all of the following:

15 (a) The state overwhelmingly relies on a single source of fuel,
16 petroleum, for its transportation needs, and nearly one-half of that
17 petroleum comes from overseas. This overreliance on petroleum
18 leaves residents vulnerable to supply interruptions and price
19 instabilities, and it leaves consumers with essentially no options
20 for alternative transportation fuels.

21 (b) Residents spend over twenty billion dollars
22 (\$20,000,000,000) each year on petroleum fuel imports,
23 representing a significant missed economic opportunity.

24 (c) It is in the interest of the state to increase alternative fuels
25 usage to reduce fuel price volatility, improve environmental quality
26 and transportation energy security, and demonstrate the state's
27 continued leadership in reducing greenhouse gas emissions.

28 (d) The State Alternative Fuels Plan, which was adopted by the
29 state board and the State Energy Resources Conservation and
30 Development Commission pursuant to Section 43866, outlined
31 specific strategies and targets that would increase the use of
32 alternative and nonpetroleum fuels. The strategy set a moderate
33 growth goal of 26 percent penetration for alternative fuel use in
34 onroad and off-road vehicles by 2022. In 2007, alternative fuels
35 accounted for less than 5 percent of the transportation sector's
36 consumption.

37 (e) Therefore, it is in the interest of the state to evaluate progress
38 toward increasing alternative fuels usage.

39 SEC. 5. Section 43867.6 is added to the Health and Safety
40 Code, to read:

1 43867.6. (a) In order to measure the progress of alternative
2 fuels use for onroad and off-road vehicles in the state, it is the
3 intent of the Legislature that the state board and the State Energy
4 Resources Conservation and Development Commission shall
5 update the analysis of the state alternative transportation fuels use
6 described in this section.

7 (b) The state board and the State Energy Resources Conservation
8 and Development Commission shall coordinate efforts to
9 implement this article.

10 (c) On or before November 1, 2014, the state board and the
11 State Energy Resources Conservation and Development
12 Commission shall update the economic analysis used in developing
13 and reviewing state board regulations to include a range of
14 petroleum and alternative fuel prices to more accurately assess the
15 future cost of petroleum based and alternative fuels.

16 (d) The State Energy Resources Conservation and Development
17 Commission, in consultation with the state board, shall do all of
18 the following:

19 (1) Evaluate how the use of new and existing investment
20 programs could be used to increase the state alternative
21 transportation fuels use.

22 (2) Evaluate how the impact of federal fuel policies and existing
23 state policies will help increase the use of alternative transportation
24 fuels in the state.

25 (e) On or before November 1, 2015, and every two years
26 thereafter consistent with and reported within the integrated energy
27 policy report, pursuant to Section 25302 of the Public Resources
28 Code, the state board and the State Energy Resources Conservation
29 and Development Commission shall report on the status of the
30 state alternative transportation fuels use analysis pursuant to
31 subdivision (a) and make the evaluations required in subdivision
32 (d). The report shall include details as to the quantities of
33 alternative fuels used in the state during the preceding years in
34 absolute terms and as a percentage of the state's overall
35 transportation fuel mix.

36 (f) As part of developing relevant new and amended regulations,
37 the state board shall include a finding on the effect of proposed
38 regulations on the state alternative transportation fuels use.

39 (g) This section shall be implemented consistent with the
40 environmental, public health, and sustainability considerations

1 included in Sections 44271 and 44272. Further, this section does
2 not preempt the California Global Warming Solutions Act of 2006
3 (Division 25.5 (commencing with Section 38500)) or the programs
4 and policies implemented pursuant to that act.

5 (h) The state board and the State Energy Resources Conservation
6 and Development Commission, in studying the state alternative
7 transportation fuels use, shall seek to measure all of the following:

8 (1) In-state job creation through the continued development of
9 an alternative fuels industry in the state.

10 (2) Economic vulnerability of residents to future costly
11 petroleum fuel price spikes by the use of either petroleum fuels or
12 alternative fuels and vehicles.

13 (3) Alternative fuel market penetration in nonattainment areas.

14 (4) Increases in access to the supply of alternative fuels and
15 alternative fuel vehicles for all residents and barriers to that supply.

16 SEC. 6. Section 44060.5 of the Health and Safety Code is
17 amended to read:

18 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
19 described in subdivision (d) of Section 44060 shall be increased
20 by eight dollars (\$8).

21 (b) Revenues generated by the increase described in this section
22 shall be distributed as follows:

23 (1) The revenues generated by four dollars (\$4) shall be
24 deposited in the Air Quality Improvement Fund created by Section
25 44274.5.

26 (2) The revenues generated by four dollars (\$4) shall be
27 deposited in the Alternative and Renewable Fuel and Vehicle
28 Technology Fund created by Section 44273.

29 (c) This section shall remain in effect only until January 1, 2024,
30 and as of that date is repealed, unless a later enacted statute, that
31 is enacted before January 1, 2024, deletes or extends that date.

32 SEC. 7. Section 44225 of the Health and Safety Code, as
33 amended by Section 3 of Chapter 707 of the Statutes of 2004, is
34 amended to read:

35 44225. A district may increase the fee established under Section
36 44223 to up to six dollars (\$6). A district may increase the fee only
37 if the following conditions are met:

38 (a) A resolution providing for both the fee increase and a
39 corresponding program for expenditure of the increased fees for
40 the reduction of air pollution from motor vehicles pursuant to, and

1 for related planning, monitoring, enforcement, and technical studies
2 necessary for the implementation of, the California Clean Air Act
3 of 1988 is adopted and approved by the governing board of the
4 district.

5 (b) In districts with nonelected officials on their governing
6 boards, the resolution shall be adopted and approved by both a
7 majority of the governing board and a majority of the board
8 members who are elected officials.

9 (c) An increase in fees established pursuant to this section shall
10 become effective on either April 1 or October 1, as provided in
11 the resolution adopted by the board pursuant to subdivision (a).

12 (d) This section shall remain in effect only until January 1, 2024,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2024, deletes or extends that date.

15 SEC. 8. Section 44225 of the Health and Safety Code, as added
16 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended
17 to read:

18 ~~44225. On and after April 1, 1992, a~~ A district may increase
19 the fee established under Section 44223 ~~to~~ by up to four dollars
20 (\$4). A district may increase the fee only if the following conditions
21 are met:

22 (a) A resolution providing for both the fee increase and a
23 corresponding program for expenditure of the increased fees for
24 the reduction of air pollution from motor vehicles pursuant to, and
25 for related planning, monitoring, enforcement, and technical studies
26 necessary for the implementation of, the California Clean Air Act
27 of 1988 is adopted and approved by the governing board of the
28 district.

29 (b) In districts with nonelected officials on their governing
30 boards, the resolution shall be adopted and approved by both a
31 majority of the governing board and a majority of the board
32 members who are elected officials.

33 (c) An increase in fees established pursuant to this section shall
34 become effective on either April 1 or October 1, as provided in
35 the resolution adopted by the board pursuant to subdivision (a).

36 (d) This section shall become operative on January 1, 2024.

37 SEC. 9. Section 44229 of the Health and Safety Code, as
38 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is
39 amended to read:

1 44229. (a) After deducting all administrative costs it incurs
2 through collection of fees pursuant to Section 44227, the
3 Department of Motor Vehicles shall distribute the revenues to
4 districts, which shall use the revenues resulting from the first four
5 dollars (\$4) of each fee imposed to reduce air pollution from motor
6 vehicles and to carry out related planning, monitoring, enforcement,
7 and technical studies necessary for implementation of the California
8 Clean Air Act of 1988. Fees collected by the Department of Motor
9 Vehicles pursuant to this chapter shall be distributed to districts
10 based upon the amount of fees collected from motor vehicles
11 registered within each district.

12 (b) Notwithstanding Sections 44241 and 44243, a district shall
13 use the revenues resulting from the next two dollars (\$2) of each
14 fee imposed pursuant to Section 44227 to implement the following
15 programs that the district determines remediate air pollution harms
16 created by motor vehicles on which the surcharge is imposed:

17 (1) Projects eligible for grants under the Carl Moyer Memorial
18 Air Quality Standards Attainment Program (Chapter 9
19 (commencing with Section 44275) of Part 5).

20 (2) The new purchase, retrofit, repower, or add-on equipment
21 for previously unregulated agricultural sources of air pollution, as
22 defined in Section 39011.5, for a minimum of three years from
23 the date of adoption of an applicable rule or standard, or until the
24 compliance date of that rule or standard, whichever is later, if the
25 state board has determined that the rule or standard complies with
26 Sections 40913, 40914, and 41503.1, after which period of time,
27 a new purchase, retrofit, repower, or add-on of equipment shall
28 not be funded pursuant to this chapter. The districts shall follow
29 any guidelines developed under subdivision (a) of Section 44287
30 for awarding grants under this program.

31 (3) The purchase of new, or retrofit of emissions control
32 equipment for existing, schoolbuses pursuant to the
33 Lower-Emission School Bus Program adopted by the state board.

34 (4) An accelerated vehicle retirement or repair program that is
35 adopted by the state board pursuant to authority granted hereafter
36 by the Legislature by statute.

37 (5) The replacement of onboard natural gas fuel tanks on
38 schoolbuses owned by a school district that are 14 years or older,
39 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant

1 to the Lower-Emission School Bus Program adopted by the state
2 board.

3 (6) The enhancement of deteriorating natural gas fueling
4 dispensers of fueling infrastructure operated by a school district
5 with a one-time funding amount not to exceed five hundred dollars
6 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
7 Program adopted by the state board.

8 (c) The Department of Motor Vehicles may annually expend
9 not more than 1 percent of the fees collected pursuant to Section
10 44227 on administrative costs.

11 (d) A project funded by the program shall not be used for credit
12 under any state or federal emissions averaging, banking, or trading
13 program. An emission reduction generated by the program shall
14 not be used as marketable emission reduction credits or to offset
15 any emission reduction obligation of any person or entity. Projects
16 involving new engines that would otherwise generate marketable
17 credits under state or federal averaging, banking, and trading
18 programs shall include transfer of credits to the engine end user
19 and retirement of those credits toward reducing air emissions in
20 order to qualify for funding under the program. A purchase of a
21 low-emission vehicle or of equipment pursuant to a corporate or
22 a controlling board's policy, but not otherwise required by law,
23 shall generate surplus emissions reductions and may be funded by
24 the program.

25 (e) This section shall remain in effect only until January 1, 2024,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2024, deletes or extends that date.

28 SEC. 10. Section 44229 of the Health and Safety Code, as
29 added by Section 4.5 of Chapter 707 of the Statutes of 2004, is
30 amended to read:

31 44229. (a) After deducting all administrative costs it incurs
32 through collection of fees pursuant to Section 44227, the
33 Department of Motor Vehicles shall distribute the revenues to
34 districts which shall use the fees to reduce air pollution from motor
35 vehicles and to carry out related planning, monitoring, enforcement,
36 and technical studies necessary for implementation of the California
37 Clean Air Act of 1988. Fees collected by the Department of Motor
38 Vehicles pursuant to this chapter shall be distributed to districts
39 based upon the amount of fees collected from motor vehicles
40 registered within each district.

1 (b) The Department of Motor Vehicles may annually expend
2 not more than the following percentages of the fees collected
3 pursuant to Section 44227 on administrative costs:

4 (1) During the first year after the operative date of this chapter,
5 not more than 5 percent of the fees collected may be used for
6 administrative costs.

7 (2) During the second year after the operative date of this
8 chapter, not more than 3 percent of the fees collected may be used
9 for administrative costs.

10 (3) During any year subsequent to the second year after the
11 operative date of this chapter, not more than 1 percent of the fees
12 collected may be used for administrative costs.

13 (c) This section shall become operative on January 1, 2024.

14 *SEC. 11. Section 44272 of the Health and Safety Code is*
15 *amended to read:*

16 44272. (a) The Alternative and Renewable Fuel and Vehicle
17 Technology Program is hereby created. The program shall be
18 administered by the commission. The commission shall implement
19 the program by regulation pursuant to the requirements of Chapter
20 3.5 (commencing with Section 11340) of Part 1 of Division 3 of
21 Title 2 of the Government Code. The program shall provide, upon
22 appropriation by the Legislature, competitive grants, revolving
23 loans, loan guarantees, loans, or other appropriate funding
24 measures, to public agencies, vehicle and technology entities,
25 businesses and projects, public-private partnerships, workforce
26 training partnerships and collaboratives, fleet owners, consumers,
27 recreational boaters, and academic institutions to develop and
28 deploy innovative technologies that transform California's fuel
29 and vehicle types to help attain the state's climate change policies.
30 The emphasis of this program shall be to develop and deploy
31 technology and alternative and renewable fuels in the marketplace,
32 without adopting any one preferred fuel or technology.

33 (b) A project that receives more than seventy-five thousand
34 dollars (\$75,000) in funds from the commission shall be approved
35 at a noticed public meeting of the commission and shall be
36 consistent with the priorities established by the investment plan
37 adopted pursuant to Section 44272.5. Under this article, the
38 commission may delegate to the commission's executive director,
39 or his or her designee, the authority to approve either of the
40 following:

1 (1) A contract, grant, loan, or other agreement or award that
2 receives seventy-five thousand dollars (\$75,000) or less in funds
3 from the commission.

4 (2) Amendments to a contract, grant, loan, or other agreement
5 or award as long as the amendments do not increase the amount
6 of the award, change the scope of the project, or modify the purpose
7 of the agreement.

8 (c) The commission shall provide preferences to those projects
9 that maximize the goals of the Alternative and Renewable Fuel
10 and Vehicle Technology Program, based on the following criteria,
11 as applicable:

12 (1) The project’s ability to provide a measurable transition from
13 the nearly exclusive use of petroleum fuels to a diverse portfolio
14 of viable alternative fuels that meet petroleum reduction and
15 alternative fuel use goals.

16 (2) The project’s consistency with existing and future state
17 climate change policy and low-carbon fuel standards.

18 (3) The project’s ability to reduce criteria air pollutants and air
19 toxics and reduce or avoid multimedia environmental impacts.

20 (4) The project’s ability to decrease, on a life cycle basis, the
21 discharge of water pollutants or any other substances known to
22 damage human health or the environment, in comparison to the
23 production and use of California Phase 2 Reformulated Gasoline
24 or diesel fuel produced and sold pursuant to California diesel fuel
25 regulations set forth in Article 2 (commencing with Section 2280)
26 of Chapter 5 of Division 3 of Title 13 of the California Code of
27 Regulations.

28 (5) The project does not adversely impact the sustainability of
29 the state’s natural resources, especially state and federal lands.

30 (6) The project provides nonstate matching funds. Costs incurred
31 from the date a proposed award is noticed may be counted as
32 nonstate matching funds. The commission may adopt further
33 requirements for the purposes of this paragraph. The commission
34 is not liable for costs incurred pursuant to this paragraph if the
35 commission does not give final approval for the project or the
36 proposed recipient does not meet requirements adopted by the
37 commission pursuant to this paragraph.

38 (7) The project provides economic benefits for California by
39 promoting California-based technology firms, jobs, and businesses.

- 1 (8) The project uses existing or proposed fueling infrastructure
2 to maximize the outcome of the project.
- 3 (9) The project's ability to reduce on a life cycle assessment
4 greenhouse gas emissions by at least 10 percent, and higher
5 percentages in the future, from current reformulated gasoline and
6 diesel fuel standards established by the state board.
- 7 (10) The project's use of alternative fuel blends of at least 20
8 percent, and higher blend ratios in the future, with a preference
9 for projects with higher blends.
- 10 (11) The project drives new technology advancement for
11 vehicles, vessels, engines, and other equipment, and promotes the
12 deployment of that technology in the marketplace.
- 13 (d) Only the following shall be eligible for funding:
- 14 (1) Alternative and renewable fuel projects to develop and
15 improve alternative and renewable low-carbon fuels, including
16 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
17 hydrogen, and biomethane, among others, and their feedstocks
18 that have high potential for long-term or short-term
19 commercialization, including projects that lead to sustainable
20 feedstocks.
- 21 (2) Demonstration and deployment projects that optimize
22 alternative and renewable fuels for existing and developing engine
23 technologies.
- 24 (3) Projects to produce alternative and renewable low-carbon
25 fuels in California.
- 26 (4) Projects to decrease the overall impact of an alternative and
27 renewable fuel's life cycle carbon footprint and increase
28 sustainability.
- 29 (5) Alternative and renewable fuel infrastructure, fueling
30 stations, and equipment. The preference in paragraph (10) of
31 subdivision (c) shall not apply to renewable diesel or biodiesel
32 infrastructure, fueling stations, and equipment used solely for
33 renewable diesel or biodiesel fuel.
- 34 (6) Projects to develop and improve light-, medium-, and
35 heavy-duty vehicle technologies that provide for better fuel
36 efficiency and lower greenhouse gas emissions, alternative fuel
37 usage and storage, or emission reductions, including propulsion
38 systems, advanced internal combustion engines with a 40 percent
39 or better efficiency level over the current market standard,
40 light-weight materials, *intelligent transportation systems*, energy

1 storage, control systems and system integration, physical
2 measurement and metering systems and software, development of
3 design standards and testing and certification protocols, battery
4 recycling and reuse, engine and fuel optimization electronic and
5 electrified components, hybrid technology, plug-in hybrid
6 technology, battery electric vehicle technology, fuel cell
7 technology, and conversions of hybrid technology to plug-in
8 technology through the installation of safety certified supplemental
9 battery modules.

10 (7) Programs and projects that accelerate the commercialization
11 of vehicles and alternative and renewable fuels including buy-down
12 programs through near-market and market-path deployments,
13 advanced technology warranty or replacement insurance,
14 development of market niches, supply-chain development, and
15 research related to the pedestrian safety impacts of vehicle
16 technologies and alternative and renewable fuels.

17 (8) Programs and projects to retrofit medium- and heavy-duty
18 on-road and nonroad vehicle fleets with technologies that create
19 higher fuel efficiencies, including alternative and renewable fuel
20 vehicles and technologies, idle management technology, and
21 aerodynamic retrofits that decrease fuel consumption.

22 (9) Infrastructure projects that promote alternative and renewable
23 fuel infrastructure development connected with existing fleets,
24 public transit, and existing transportation corridors, including
25 physical measurement or metering equipment and truck stop
26 electrification.

27 (10) Workforce training programs related to alternative and
28 renewable fuel feedstock production and extraction, renewable
29 fuel production, distribution, transport, and storage,
30 high-performance and low-emission vehicle technology and high
31 tower electronics, automotive computer systems, mass transit fleet
32 conversion, servicing, and maintenance, and other sectors or
33 occupations related to the purposes of this chapter.

34 (11) Block grants or incentive programs administered by public
35 entities or not-for-profit technology entities for multiple projects,
36 education and program promotion within California, and
37 development of alternative and renewable fuel and vehicle
38 technology centers. The commission may adopt guidelines for
39 implementing the block grant or incentive program, which shall
40 be approved at a noticed public meeting of the commission.

1 (12) Life cycle and multimedia analyses, sustainability and
2 environmental impact evaluations, and market, financial, and
3 technology assessments performed by a state agency to determine
4 the impacts of increasing the use of low-carbon transportation fuels
5 and technologies, and to assist in the preparation of the investment
6 plan and program implementation.

7 (13) A program to provide funding for homeowners who
8 purchase a plug-in electric vehicle to offset costs associated with
9 modifying electrical sources to include a residential plug-in electric
10 vehicle charging station. In establishing this program, the
11 commission shall consider funding criteria to maximize the public
12 benefit of the program.

13 (e) The commission may make a single source or sole source
14 award pursuant to this section for applied research. The same
15 requirements set forth in Section 25620.5 of the Public Resources
16 Code shall apply to awards made on a single source basis or a sole
17 source basis. This subdivision does not authorize the commission
18 to make a single source or sole source award for a project or
19 activity other than for applied research.

20 (f) The commission may do all of the following:

21 (1) Contract with the Treasurer to expend funds through
22 programs implemented by the Treasurer, if the expenditure is
23 consistent with all of the requirements of this article and Article
24 1 (commencing with Section 44270).

25 (2) Contract with small business financial development
26 corporations established by the Business, Transportation and
27 Housing Agency to expend funds through the Small Business Loan
28 Guarantee Program if the expenditure is consistent with all of the
29 requirements of this article and Article 1 (commencing with Section
30 44270).

31 (3) Advance funds, pursuant to an agreement with the
32 commission, to any of the following:

33 (A) A public entity.

34 (B) A recipient to enable it to make advance payments to a
35 public entity that is a subrecipient of the funds and under a binding
36 and enforceable subagreement with the recipient.

37 (C) An administrator of a block grant program.

1 ~~SEC. 11.~~

2 ~~SEC. 12.~~ Section 44275 of the Health and Safety Code, as
3 amended by Section 5 of Chapter 707 of the Statutes of 2004, is
4 amended to read:

5 44275. (a) As used in this chapter, the following terms have
6 the following meanings:

7 (1) “Advisory board” means the Carl Moyer Program Advisory
8 Board created by Section 44297.

9 (2) “Btu” means British thermal unit.

10 (3) “Commission” means the State Energy Resources
11 Conservation and Development Commission.

12 (4) “Cost-effectiveness” means dollars provided to a project
13 pursuant to subdivision (d) of Section 44283 for each ton of
14 covered emission reduction attributed to a project or to the program
15 as a whole. In calculating cost-effectiveness, one-time grants of
16 funds made at the beginning of a project shall be annualized using
17 a time value of public funds or discount rate determined for each
18 project by the state board, taking into account the interest rate on
19 bonds, interest earned by state funds, and other factors as
20 determined appropriate by the state board. Cost-effectiveness shall
21 be calculated by dividing annualized costs by average annual
22 emissions reduction. The state board, in consultation with the
23 districts and concerned members of the public, shall establish
24 appropriate cost-effective limits for oxides of nitrogen, particulate
25 matter, and reactive organic gases and a reasonable system for
26 comparing the cost-effectiveness of proposed projects as described
27 in subdivision (a) of Section 44283.

28 (5) “Covered emissions” include emissions of oxides of nitrogen,
29 particulate matter, and reactive organic gases from any covered
30 source.

31 (6) “Covered engine” includes any internal combustion engine
32 or electric motor and drive powering a covered source.

33 (7) “Covered source” includes onroad vehicles ~~offroad~~, *off-road*
34 nonrecreational equipment and vehicles, locomotives, diesel
35 marine vessels, agricultural sources of air pollution, as defined in
36 Section 39011.5, and, as determined by the state board, other
37 high-emitting engine categories.

38 (8) “Covered vehicle” includes any vehicle or piece of
39 equipment powered by a covered engine.

1 (9) “District” means a county air pollution control district or an
2 air quality management district.

3 (10) “Fund” means the Carl Moyer Memorial Air Quality
4 Standards Attainment Trust Fund created by Section 44299.

5 (11) “Mobile Source Air Pollution Reduction Review
6 Committee” means the Mobile Source Air Pollution Reduction
7 Review Committee created by Section 44244.

8 (12) “Incremental cost” means the cost of the project less a
9 baseline cost that would otherwise be incurred by the applicant in
10 the normal course of business. Incremental costs may include
11 added lease or fuel costs pursuant to Section 44283 as well as
12 incremental capital costs.

13 (13) “New very low emission vehicle” means a heavy-duty
14 vehicle that qualifies as a very low emission vehicle when it is a
15 new vehicle, where new vehicle has the same meaning as defined
16 in Section 430 of the Vehicle Code, or that is modified with the
17 approval and warranty of the original equipment manufacturer to
18 qualify as a very low emission vehicle within 12 months of delivery
19 to an owner for private or commercial use.

20 (14) “NO_x” means oxides of nitrogen.

21 (15) “Program” means the Carl Moyer Memorial Air Quality
22 Standards Attainment Program created by subdivision (a) of
23 Section 44280.

24 (16) “Repower” means replacing an engine with a different
25 engine. The term repower, as used in this chapter, generally refers
26 to replacing an older, uncontrolled engine with a new,
27 emissions-certified engine, although replacing an older
28 emissions-certified engine with a newer engine certified to lower
29 emissions standards may be eligible for funding under this program.

30 (17) “Retrofit” means making modifications to the engine and
31 fuel system such that the retrofitted engine does not have the same
32 specifications as the original engine.

33 (18) “Very low emission vehicle” means a heavy-duty vehicle
34 with emissions significantly lower than otherwise applicable
35 baseline emission standards or uncontrolled emission levels
36 pursuant to Section 44282.

37 (b) This section shall remain in effect only until January 1, 2024,
38 and as of that date is repealed, unless a later enacted statute, that
39 is enacted before January 1, 2024, deletes or extends that date.

1 ~~SEC. 12.~~

2 *SEC. 13.* Section 44275 of the Health and Safety Code, as
3 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is
4 amended to read:

5 44275. (a) As used in this chapter, the following terms have
6 the following ~~meaning~~ *meanings*:

7 (1) “Advisory board” means the Carl Moyer Program Advisory
8 Board created by Section 44297.

9 (2) “Btu” means British thermal unit.

10 (3) “Commission” means the State Energy Resources
11 Conservation and Development Commission.

12 (4) “Cost-effectiveness” means dollars provided to a project
13 pursuant to subdivision (d) of Section 44283 for each ton of NO_x
14 reduction attributed to a project or to the program as a whole. In
15 calculating cost-effectiveness, one-time grants of funds made at
16 the beginning of a project shall be annualized using a time value
17 of public funds or discount rate determined for each project by the
18 state board, taking into account the interest rate on bonds, interest
19 earned by state funds, and other factors as determined appropriate
20 by the state board. Cost-effectiveness shall be calculated by
21 dividing annualized costs by average annual emissions reduction
22 of NO_x in this state.

23 (5) “Covered engine” includes any internal combustion engine
24 or electric motor and drive powering a covered source.

25 (6) “Covered source” includes onroad vehicles of 14,000 pounds
26 ~~GVWR~~ *gross vehicle weight rating (GVWR)* or greater, ~~offroad~~
27 *off-road* nonrecreational equipment and vehicles, locomotives,
28 diesel marine vessels, stationary agricultural engines, and, as
29 determined by the state board, other high-emitting diesel engine
30 categories.

31 (7) “Covered vehicle” includes any vehicle or piece of
32 equipment powered by a covered engine.

33 (8) “District” means a county air pollution control district or an
34 air quality management district.

35 (9) “Fund” means the Carl Moyer Memorial Air Quality
36 Standards Attainment Trust Fund created by Section 44299.

37 (10) “Mobile Source Air Pollution Reduction Review
38 Committee” means the Mobile Source Air Pollution Reduction
39 Review Committee created by Section 44244.

1 (11) “Incremental cost” means the cost of the project less a
2 baseline cost that would otherwise be incurred by the applicant in
3 the normal course of business. Incremental costs may include
4 added lease or fuel costs pursuant to Section 44283 as well as
5 incremental capital costs.

6 (12) “New very low emission vehicle” means a vehicle that
7 qualifies as a very low emission vehicle when it is a new vehicle,
8 where new vehicle has the same meaning as defined in Section
9 430 of the Vehicle Code, or that is modified with the approval and
10 warranty of the original equipment manufacturer to qualify as a
11 very low emission vehicle within 12 months of delivery to an
12 owner for private or commercial use.

13 (13) “NO_x” means oxides of nitrogen.

14 (14) “Program” means the Carl Moyer Memorial Air Quality
15 Standards Attainment Program created by subdivision (a) of
16 Section 44280.

17 (15) “Repower” means replacing an engine with a different
18 engine. The term repower, as used in this chapter, generally refers
19 to replacing an older, uncontrolled engine with a new,
20 emissions-certified engine, although replacing an older
21 emissions-certified engine with a newer engine certified to lower
22 emissions standards may be eligible for funding under this program.

23 (16) “Retrofit” means making modifications to the engine and
24 fuel system such that the retrofitted engine does not have the same
25 specifications as the original engine.

26 (17) “Very low emission vehicle” means a vehicle with
27 emissions significantly lower than otherwise applicable baseline
28 emission standards or uncontrolled emission levels pursuant to
29 Section 44282.

30 (b) This section shall become operative on January 1, 2024.

31 ~~SEC. 13.~~

32 *SEC. 14.* Section 44280 of the Health and Safety Code, as
33 amended by Section 6 of Chapter 707 of the Statutes of 2004, is
34 amended to read:

35 44280. (a) There is hereby created the Carl Moyer Memorial
36 Air Quality Standards Attainment Program. The program shall be
37 administered by the state board in accordance with this chapter.
38 The administration of the program may be delegated to the districts.

39 (b) The program shall provide grants to offset the incremental
40 cost of projects that reduce covered emissions from covered sources

1 in California. Eligibility for grant awards shall be determined by
2 the state board, in consultation with the districts, in accordance
3 with this chapter.

4 (c) The program shall also provide funding for a fueling
5 infrastructure demonstration program and for technology
6 development efforts that are expected to result in commercially
7 available technologies in the near-term that would improve the
8 ability of the program to achieve its goals. The infrastructure
9 demonstration and technology development portions of the program
10 shall be managed by the commission, in consultation with the state
11 board.

12 (d) This section shall remain in effect only until January 1, 2024,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2024, deletes or extends that date.

15 ~~SEC. 14.~~

16 *SEC. 15.* Section 44280 of the Health and Safety Code, as
17 added by Section 6.5 of Chapter 707 of the Statutes of 2004, is
18 amended to read:

19 44280. (a) There is hereby created the Carl Moyer Memorial
20 Air Quality Standards Attainment Program. The program shall be
21 administered by the state board in accordance with this chapter.
22 The administration of the program may be delegated to the districts.

23 (b) The program shall provide grants to offset the incremental
24 cost of projects that reduce emissions of NO_x from covered sources
25 in California. Eligibility for grant awards shall be determined by
26 the state board, in consultation with the districts, in accordance
27 with this chapter.

28 (c) The program shall also provide funding for a fueling
29 infrastructure demonstration program and for technology
30 development efforts that are expected to result in commercially
31 available technologies in the near-term that would improve the
32 ability of the program to achieve its goals. The infrastructure
33 demonstration and technology development portions of the program
34 shall be managed by the commission, in consultation with the state
35 board.

36 (d) This section shall become operative on January 1, 2024.

37 ~~SEC. 15.~~

38 *SEC. 16.* Section 44281 of the Health and Safety Code, as
39 amended by Section 7 of Chapter 707 of the Statutes of 2004, is
40 amended to read:

1 44281. (a) Eligible projects include, but are not limited to, any
2 of the following:

3 (1) Purchase of new very low or zero-emission covered vehicles
4 or covered heavy-duty engines.

5 (2) Emission-reducing retrofit of covered engines, or
6 replacement of old engines powering covered sources with newer
7 engines certified to more stringent emissions standards than the
8 engine being replaced, or with electric motors or drives.

9 (3) Purchase and use of emission-reducing add-on equipment
10 that has been verified by the state board for covered vehicles.

11 (4) Development and demonstration of practical, low-emission
12 retrofit technologies, repower options, and advanced technologies
13 for covered engines and vehicles with very low emissions of oxides
14 of nitrogen.

15 (5) Light- and medium-duty vehicle projects in compliance with
16 guidelines adopted by the state board pursuant to Title 13 of the
17 California Code of Regulations.

18 (b) No project shall be funded under this chapter after the
19 compliance date required by any local, state, or federal statute,
20 rule, regulation, memoranda of agreement or understanding, or
21 other legally binding document, except that an otherwise qualified
22 project may be funded even if the state implementation plan
23 assumes that the change in equipment, vehicles, or operations will
24 occur, if the change is not required by the compliance date of a
25 statute, regulation, or other legally binding document in effect as
26 of the date the grant is awarded. No project funded by the program
27 shall be used for credit under any state or federal emissions
28 averaging, banking, or trading program. No emission reduction
29 generated by the program shall be used as marketable emission
30 reduction credits or to offset any emission reduction obligation of
31 any person or entity. Projects involving new engines that would
32 otherwise generate marketable credits under state or federal
33 averaging, banking, and trading programs shall include transfer
34 of credits to the engine end user and retirement of those credits
35 toward reducing air emissions in order to qualify for funding under
36 the program. A purchase of a low-emission vehicle or of equipment
37 pursuant to a corporate or a controlling board's policy, but not
38 otherwise required by law, shall generate surplus emissions
39 reductions and may be funded by the program.

1 (c) The program may also provide funding toward installation
2 of fueling or electrification infrastructure as provided in Section
3 44284.

4 (d) Eligible applicants may be any individual, company, or
5 public agency that owns one or more covered vehicles that operate
6 primarily within California or otherwise contribute substantially
7 to the NO_x, PM, or ROG emissions inventory in California.

8 (e) It is the intent of the Legislature that all emission reductions
9 generated by this chapter shall contribute to public health by
10 reducing, for the life of the vehicle being funded, the total amount
11 of emissions in California.

12 (f) This section shall remain in effect only until January 1, 2024,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2024, deletes or extends that date.

15 ~~SEC. 16.~~

16 *SEC. 17.* Section 44281 of the Health and Safety Code, as
17 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is
18 amended to read:

19 44281. (a) Eligible projects are any of the following:

20 (1) Purchase of new very low or zero-emission covered vehicles
21 or covered engines.

22 (2) Emission-reducing retrofit of covered engines, or
23 replacement of old engines powering covered sources with newer
24 engines certified to more stringent emissions standards than the
25 engine being replaced, or with electric motors or drives.

26 (3) Purchase and use of emission-reducing add-on equipment
27 for covered vehicles.

28 (4) Development and demonstration of practical, low-emission
29 retrofit technologies, repower options, and advanced technologies
30 for covered engines and vehicles with very low emissions of oxides
31 of nitrogen.

32 (b) No new purchase, retrofit, repower, or add-on equipment
33 shall be funded under this chapter if it is required by any local,
34 state, or federal statute, rule, regulation, memoranda of agreement
35 or understanding, or other legally binding document, except that
36 an otherwise qualified project may be funded even if the state
37 implementation plan assumes that the change in equipment,
38 vehicles, or operations will occur, if the change is not required by
39 a statute, regulation, or other legally binding document in effect
40 as of the date the grant is awarded. No project funded by the

1 program shall be used for credit under any state or federal
2 emissions averaging, banking, or trading program. No emission
3 reduction generated by the program shall be used as marketable
4 emission reduction credits or to offset any emission reduction
5 obligation of any entity. Projects involving new engines that would
6 otherwise generate marketable credits under state or federal
7 averaging, banking, and trading programs shall include transfer
8 of credits to the engine end user and retirement of those credits
9 toward reducing air emissions in order to qualify for funding under
10 the program. A purchase of a low-emission vehicle or of equipment
11 pursuant to a corporate or a controlling board's policy, but not
12 otherwise required by law, shall generate surplus emissions
13 reductions and may be funded by the program.

14 (c) The program may also provide funding toward installation
15 of fueling or electrification infrastructure as provided in Section
16 44284.

17 (d) Eligible applicants may be any individual, company, or
18 public agency that owns one or more covered vehicles that operate
19 primarily within California or otherwise contribute substantially
20 to the NO_x emissions inventory in California.

21 (e) It is the intent of the Legislature that all emission reductions
22 generated by this chapter shall contribute to public health by
23 reducing, for the life of the vehicle being funded, the total amount
24 of emissions in California.

25 (f) This section shall become operative on January 1, 2024.

26 ~~SEC. 17:~~

27 *SEC. 18.* Section 44282 of the Health and Safety Code, as
28 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
29 amended to read:

30 44282. The following criteria apply to all projects to be funded
31 through the program except for projects funded through the
32 Advanced Technology Account and the Infrastructure
33 Demonstration Program:

34 (a) The state board may establish project criteria, including
35 minimum project life for source categories, in the guidelines
36 described in Section 44287. For previously unregulated source
37 categories, project criteria shall consider the timing of newly
38 established regulatory requirements.

39 (b) To be eligible, projects shall meet the cost-effectiveness per
40 ton of covered emissions reduced requirements of Section 44283.

1 (c) To be eligible, retrofits, repowers, and installation of add-on
2 equipment for covered vehicles shall be performed, or new covered
3 vehicles delivered to the end user, or covered vehicles scrapped
4 on or after the date the program is implemented.

5 (d) Retrofit technologies, new engines, and new vehicles shall
6 be certified for sale or under experimental permit for operation in
7 California.

8 (e) Repower projects that replace older, uncontrolled engines
9 with new, emissions-certified engines or that replace
10 emissions-certified engines with new engines certified to a more
11 stringent NO_x emissions standard are approvable subject to the
12 other applicable selection criteria. The state board shall determine
13 appropriate baseline emission levels for the uncontrolled engines
14 being replaced.

15 (f) For heavy-duty-vehicle projects, retrofit and add-on
16 equipment projects shall document a NO_x or PM emission
17 reduction of at least 25 percent and no increase in other covered
18 emissions compared to the applicable baseline emissions accepted
19 by the state board for that engine year and application. The state
20 board shall determine appropriate baseline emission levels.
21 Acceptable documentation shall be defined by the state board.
22 After study of available emission reduction technologies and after
23 public notice and comment, the state board may revise the
24 minimum percentage emission reduction criterion for retrofits and
25 add-on equipment provided for in this section to improve the ability
26 of the program to achieve its goals.

27 (g) (1) For heavy-duty-vehicle projects involving the purchase
28 of new very low or zero-emission vehicles, engines shall be
29 certified to an optional low NO_x emissions standard established
30 by the state board, except as provided for in paragraph (2).

31 (2) For heavy-duty-vehicle projects involving the purchase of
32 new very low or zero-emission covered vehicles for which no
33 optional low NO_x emission standards are available, documentation
34 shall be provided showing that the low or zero-emission engine
35 emits not more than 70 percent of the NO_x or NO_x plus
36 hydrocarbon emissions of a new engine certified to the applicable
37 baseline NO_x or NO_x plus hydrocarbon emission standard for that
38 engine and meets applicable particulate standards. The state board
39 shall specify the documentation required. If no baseline emission
40 standard exists for new vehicles in a particular category, the state

1 board shall determine an appropriate baseline emission level for
2 comparison.

3 (h) For projects other than heavy-duty-vehicle projects, the state
4 board shall determine appropriate criteria under the provisions of
5 Section 44287.

6 (i) This section shall remain in effect only until January 1, 2024,
7 and as of that date is repealed, unless a later enacted statute, that
8 is enacted before January 1, 2024, deletes or extends that date.

9 ~~SEC. 18.~~

10 *SEC. 19.* Section 44282 of the Health and Safety Code, as
11 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
12 amended to read:

13 44282. The following criteria apply to all projects to be funded
14 through the program except for projects funded through the
15 Advanced Technology Account and the Infrastructure
16 Demonstration Program:

17 (a) Except for projects involving marine vessels, 75 percent or
18 more of vehicle miles traveled or hours of operation shall be
19 projected to be in California for at least five years following the
20 grant award. Projects involving marine vessels and engines shall
21 be limited to those that spend enough time operating in California
22 air basins over the lifetime of the project to meet the
23 cost-effectiveness criteria based on NO_x reductions in California,
24 as provided in Section 44283.

25 (b) To be eligible, projects shall meet cost-effectiveness per ton
26 of NO_x reduced requirements of Section 44283.

27 (c) To be eligible, retrofits, repowers, and installation of add-on
28 equipment for covered vehicles shall be performed, or new covered
29 vehicles delivered to the end user, on or after the date the program
30 is implemented.

31 (d) Retrofit technologies, new engines, and new vehicles shall
32 be certified for sale or under experimental permit for operation in
33 California.

34 (e) Repower projects that replace older, uncontrolled engines
35 with new, emissions-certified engines or that replace
36 emissions-certified engines with new engines certified to a more
37 stringent NO_x emissions standard are approvable subject to the
38 other applicable selection criteria. The state board shall determine
39 appropriate baseline emission levels for the uncontrolled engines
40 being replaced.

1 (f) Retrofit and add-on equipment projects shall document a
2 NO_x emission reduction of at least 25 percent and no increase in
3 particulate emissions compared to the applicable baseline emissions
4 accepted by the state board for that engine year and application.
5 The state board shall determine appropriate baseline emission
6 levels. Acceptable documentation shall be defined by the state
7 board. After study of available emission reduction technologies
8 and after public notice and comment, the state board may revise
9 the minimum percentage NO_x reduction criterion for retrofits and
10 add-on equipment provided for in this section to improve the ability
11 of the program to achieve its goals.

12 (g) (1) For projects involving the purchase of new very low or
13 zero-emission vehicles, engines shall be certified to an optional
14 low NO_x emissions standard established by the state board, except
15 as provided for in paragraph (2).

16 (2) For projects involving the purchase of new very low or
17 zero-emission covered vehicles for which no optional low NO_x
18 emission standards are available, documentation shall be provided
19 showing that the low or zero-emission engine emits not more than
20 70 percent of the NO_x or NO_x plus hydrocarbon emissions of a
21 new engine certified to the applicable baseline NO_x or NO_x plus
22 hydrocarbon emission standard for that engine and meets applicable
23 particulate standards. The state board shall specify the
24 documentation required. If no baseline emission standard exists
25 for new vehicles in a particular category, the state board shall
26 determine an appropriate baseline emission level for comparison.

27 (h) This section shall become operative on January 1, 2024.

28 ~~SEC. 19.~~

29 *SEC. 20.* Section 44283 of the Health and Safety Code, as
30 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
31 amended to read:

32 44283. (a) Grants shall not be made for projects with a
33 cost-effectiveness, calculated in accordance with this section, of
34 more than thirteen thousand six hundred dollars (\$13,600) per ton
35 of NO_x reduced in California or a higher value that reflects state
36 consumer price index adjustments on or after January 1, 2006, as
37 determined by the state board. For projects obtaining reactive
38 organic gas and particulate matter reductions, the state board shall
39 determine appropriate adjustment factors to calculate a weighted
40 cost-effectiveness.

1 (b) Only covered emission reductions occurring in this state
2 shall be included in the cost-effectiveness determination. The
3 extent to which emissions generated at sea contribute to air quality
4 in California nonattainment areas shall be incorporated into these
5 methodologies based on a reasonable assessment of currently
6 available information and modeling assumptions.

7 (c) The state board shall develop protocols for calculating the
8 surplus covered emission reductions in California from
9 representative project types over the life of the project.

10 (d) The cost of the covered emission reduction is the amount
11 of the grant from the program, including matching funds provided
12 pursuant to subdivision (e) of Section 44287, plus any other state
13 funds, or funds under the district's budget authority or fiduciary
14 control, provided toward the project, not including funds described
15 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
16 The state board shall establish reasonable methodologies for
17 evaluating project cost-effectiveness, consistent with the definition
18 contained in paragraph (4) of subdivision (a) of Section 44275,
19 and with accepted methods, taking into account a fair and
20 reasonable discount rate or time value of public funds.

21 (e) A grant shall not be made that, net of taxes, provides the
22 applicant with funds in excess of the incremental cost of the project.
23 Incremental lease costs may be capitalized according to guidelines
24 adopted by the state board so that these incremental costs may be
25 offset by a one-time grant award.

26 (f) Funds under a district's budget authority or fiduciary control
27 may be used to pay for the incremental cost of liquid or gaseous
28 fuel, other than standard gasoline or diesel, which is integral to a
29 covered emission reducing technology that is part of a project
30 receiving grant funding under the program. The fuel shall be
31 approved for sale by the state board. The incremental fuel cost
32 over the expected lifetime of the vehicle may be offset by the
33 district if the project as a whole, including the incremental fuel
34 cost, meets all of the requirements of this chapter, including the
35 maximum allowed cost-effectiveness. The state board shall develop
36 an appropriate methodology for converting incremental fuel costs
37 over the vehicle lifetime into an initial cost for the purposes of
38 determining project cost-effectiveness. Incremental fuel costs shall
39 not be included in project costs for fuels dispensed from any facility
40 that was funded, in whole or in part, from the fund.

1 (g) For purposes of determining any grant amount pursuant to
2 this chapter, the incremental cost of any new purchase, retrofit,
3 repower, or add-on equipment shall be reduced by the value of
4 any current financial incentive that directly reduces the project
5 price, including any tax credits or deductions, grants, or other
6 public financial assistance, not including funds described in
7 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
8 Project proponents applying for funding shall be required to state
9 in their application any other public financial assistance to the
10 project.

11 (h) For projects that would repower ~~off-road~~ *off-road* equipment
12 by replacing uncontrolled diesel engines with new, certified diesel
13 engines, the state board may establish maximum grant award
14 amounts per repower. A repower project shall also be subject to
15 the incremental cost maximum pursuant to subdivision (e).

16 (i) After study of available emission reduction technologies and
17 costs and after public notice and comment, the state board may
18 reduce the values of the maximum grant award criteria stated in
19 this section to improve the ability of the program to achieve its
20 goals. Every year the state board shall adjust the maximum
21 cost-effectiveness amount established in subdivision (a) and any
22 per-project maximum set by the state board pursuant to subdivision
23 (h) to account for inflation.

24 (j) This section shall remain in effect only until January 1, 2024,
25 and as of that date is repealed, unless a later enacted statute, that
26 is enacted before January 1, 2024, deletes or extends that date.

27 ~~SEC. 20.~~

28 *SEC. 21.* Section 44283 of the Health and Safety Code, as
29 amended by Section 2 of Chapter 571 of the Statutes of 2010, is
30 amended to read:

31 44283. (a) Grants shall not be made for projects with a
32 cost-effectiveness, calculated in accordance with this section, of
33 more than twelve thousand dollars (\$12,000) per ton of NO_x
34 reduced in California or a higher value that reflects state consumer
35 price index adjustments on or after January 1, 2024, as determined
36 by the state board.

37 (b) Only NO_x reductions occurring in this state shall be included
38 in the cost-effectiveness determination. The extent to which
39 emissions generated at sea contribute to air quality in California
40 nonattainment areas shall be incorporated into these methodologies

1 based on a reasonable assessment of currently available information
2 and modeling assumptions.

3 (c) The state board shall develop protocols for calculating the
4 surplus NO_x reductions in California from representative project
5 types over the life of the project.

6 (d) The cost of the NO_x reduction is the amount of the grant
7 from the program, including matching funds provided pursuant to
8 subdivision (e) of Section 44287, plus any other state funds, or
9 funds under the district's budget authority or fiduciary control,
10 provided toward the project, not including funds described in
11 paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The
12 state board shall establish reasonable methodologies for evaluating
13 project cost-effectiveness, consistent with the definition contained
14 in paragraph (4) of subdivision (a) of Section 44275, and with
15 accepted methods, taking into account a fair and reasonable
16 discount rate or time value of public funds.

17 (e) A grant shall not be made that, net of taxes, provides the
18 applicant with funds in excess of the incremental cost of the project.
19 Incremental lease costs may be capitalized according to guidelines
20 adopted by the state board so that these incremental costs may be
21 offset by a one-time grant award.

22 (f) Funds under a district's budget authority or fiduciary control
23 may be used to pay for the incremental cost of liquid or gaseous
24 fuel, other than standard gasoline or diesel, which is integral to a
25 NO_x reducing technology that is part of a project receiving grant
26 funding under the program. The fuel shall be approved for sale by
27 the state board. The incremental fuel cost over the expected lifetime
28 of the vehicle may be offset by the district if the project as a whole,
29 including the incremental fuel cost, meets all of the requirements
30 of this chapter, including the maximum allowed cost-effectiveness.
31 The state board shall develop an appropriate methodology for
32 converting incremental fuel costs over the vehicle lifetime into an
33 initial cost for the purposes of determining project
34 cost-effectiveness. Incremental fuel costs shall not be included in
35 project costs for fuels dispensed from any facility that was funded,
36 in whole or in part, from the fund.

37 (g) For purposes of determining any grant amount pursuant to
38 this chapter, the incremental cost of any new purchase, retrofit,
39 repower, or add-on equipment shall be reduced by the value of
40 any current financial incentive that directly reduces the project

1 price, including any tax credits or deductions, grants, or other
2 public financial assistance, not including funds described in
3 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
4 Project proponents applying for funding shall be required to state
5 in their application any other public financial assistance to the
6 project.

7 (h) For projects that would repower ~~offroad~~ *off-road* equipment
8 by replacing uncontrolled diesel engines with new, certified diesel
9 engines, the state board may establish maximum grant award
10 amounts per repower. A repower project shall also be subject to
11 the incremental cost maximum pursuant to subdivision (e).

12 (i) After study of available emission reduction technologies and
13 costs and after public notice and comment, the state board may
14 reduce the values of the maximum grant award criteria stated in
15 this section to improve the ability of the program to achieve its
16 goals. Every year the state board shall adjust the maximum
17 cost-effectiveness amount established in subdivision (a) and any
18 per-project maximum set by the state board pursuant to subdivision
19 (h) to account for inflation.

20 (j) This section shall become operative on January 1, 2024.

21 ~~SEC. 21.~~

22 *SEC. 22.* Section 44287 of the Health and Safety Code, as
23 amended by Section 10 of Chapter 707 of the Statutes of 2004, is
24 amended to read:

25 44287. (a) The state board shall establish or update grant
26 criteria and guidelines consistent with this chapter for covered
27 vehicle projects as soon as practicable, but not later than January
28 1, 2006. The adoption of guidelines is exempt from the rulemaking
29 provisions of the Administrative Procedure Act, Chapter 3.5
30 (commencing with Section 11340) of Part 1 of Division 3 of Title
31 2 of the Government Code. The state board shall solicit input and
32 comment from the districts during the development of the criteria
33 and guidelines and shall make every effort to develop criteria and
34 guidelines that are compatible with existing district programs that
35 are also consistent with this chapter. Guidelines shall include
36 protocols to calculate project cost-effectiveness. The grant criteria
37 and guidelines shall include safeguards to ensure that the project
38 generates surplus emissions reductions. Guidelines shall enable
39 and encourage districts to cofund projects that provide emissions
40 reductions in more than one district. The state board shall make

1 draft criteria and guidelines available to the public 45 days before
2 final adoption, and shall hold at least one public meeting to
3 consider public comments before final adoption. The state board
4 may develop separate guidelines and criteria for the different types
5 of eligible projects described in subdivision (a) of Section 44281.

6 (b) The state board, in consultation with the participating
7 districts, may propose revisions to the criteria and guidelines
8 established pursuant to subdivision (a) as necessary to improve
9 the ability of the program to achieve its goals. A proposed revision
10 shall be made available to the public 45 days before final adoption
11 of the revision and the state board shall hold at least one public
12 meeting to consider public comments before final adoption of the
13 revision.

14 (c) The state board shall reserve funds for, and disburse funds
15 to, districts from the fund for administration pursuant to this section
16 and Section 44299.1.

17 (d) The state board shall develop guidelines for a district to
18 follow in applying for the reservation of funds, in accordance with
19 this chapter. It is the intent of the Legislature that district
20 administration of any reserved funds be in accordance with the
21 project selection criteria specified in Sections 44281, 44282, and
22 44283 and all other provisions of this chapter. The guidelines shall
23 be established and published by the state board as soon as
24 practicable, but not later than January 1, 2006.

25 (e) Funds shall be reserved by the state board for administration
26 by a district that adopts an eligible program pursuant to this chapter
27 and offers matching funds at a ratio of one dollar (\$1) of matching
28 funds committed by the district or the Mobile Source Air Pollution
29 Reduction Review Committee for every two dollars (\$2) committed
30 from the fund. Funds available to the Mobile Source Air Pollution
31 Reduction Review Committee may be counted as matching funds
32 for projects in the South Coast Air Basin only if the committee
33 approves the use of these funds for matching purposes. Matching
34 funds may be any funds under the district's budget authority that
35 are committed to be expended in accordance with the program.
36 Funds committed by a port authority or a local government, in
37 cooperation with a district, to be expended in accordance with the
38 program may also be counted as district matching funds. Matching
39 funds provided by a port authority or a local government may not
40 exceed 30 percent of the total required matching funds in any

1 district that applies for more than three hundred thousand dollars
2 (\$300,000) of the state board funds. Only a district, or a port
3 authority or a local government teamed with a district, may provide
4 matching funds.

5 (f) The state board may adjust the ratio of matching funds
6 described in subdivision (e), if it determines that an adjustment is
7 necessary in order to maximize the use of, or the air quality benefits
8 provided by, the program, based on a consideration of the financial
9 resources of the district.

10 (g) Notwithstanding subdivision (e), a district need not provide
11 matching funds for state board funds allocated to the district for
12 program outreach activities pursuant to paragraph (4) of subdivision
13 (a) of Section 44299.1.

14 (h) A district may include within its matching funds a reasonable
15 estimate of direct or in-kind costs for assistance in providing
16 program outreach and application evaluation. In-kind and direct
17 matching funds shall not exceed 15 percent of the total matching
18 funds offered by a district. A district may also include within its
19 matching funds any money spent on or after February 25, 1999,
20 that would have qualified as matching funds but were not
21 previously claimed as matching funds.

22 (i) A district desiring a reservation of funds shall apply to the
23 state board following the application guidelines established
24 pursuant to this section. The state board shall approve or disapprove
25 a district application not later than 60 days after receipt. Upon
26 approval of any district application, the state board shall
27 simultaneously approve a reservation of funding for that district
28 to administer. Reserved funds shall be disbursed to the district so
29 that funding of a district-approved project is not impeded.

30 (j) Notwithstanding any other provision of this chapter, districts
31 and the Mobile Source Air Pollution Reduction Review Committee
32 shall not use funds collected pursuant to Section 41081 or Chapter
33 7 (commencing with Section 44220), or pursuant to Section
34 9250.11 of the Vehicle Code, as matching funds to fund a project
35 with stationary or portable engines, locomotives, or marine vessels.

36 (k) Any funds reserved for a district pursuant to this section are
37 available to the district for a period of not more than two years
38 from the time of reservation. Funds not expended by June 30 of
39 the second calendar year following the date of the reservation shall
40 revert back to the state board as of that June 30, and shall be

1 deposited in the Covered Vehicle Account established pursuant to
2 Section 44299. The funds may then be redirected based on
3 applications to the fund. Regardless of any reversion of funds back
4 to the state board, the district may continue to request other
5 reservations of funds for local administration. Each reservation of
6 funds shall be accounted for separately, and unused funds from
7 each application shall revert back to the state board as specified
8 in this subdivision.

9 (l) The state board shall specify a date each year when district
10 applications are due. If the eligible applications received in any
11 year oversubscribe the available funds, the state board shall reserve
12 funds on an allocation basis, pursuant to Section 44299.2. The
13 state board may accept a district application after the due date for
14 a period of months specified by the state board. Funds may be
15 reserved in response to those applications, in accordance with this
16 chapter, out of funds remaining after the original reservation of
17 funds for the year.

18 (m) Guidelines for a district application shall require information
19 from an applicant district to the extent necessary to meet the
20 requirements of this chapter, but shall otherwise minimize the
21 information required of a district.

22 (n) A district application shall be reviewed by the state board
23 immediately upon receipt. If the state board determines that an
24 application is incomplete, the applicant shall be notified within 10
25 working days with an explanation of what is missing from the
26 application. A completed application fulfilling the criteria shall be
27 approved as soon as practicable, but not later than 60 working days
28 after receipt.

29 (o) The commission, in consultation with the districts, shall
30 establish project approval criteria and guidelines for infrastructure
31 projects consistent with Section 44284 as soon as practicable, but
32 not later than February 15, 2000. The commission shall make draft
33 criteria and guidelines available to the public 45 days before final
34 adoption, and shall hold at least one public meeting to consider
35 public comments before final adoption.

36 (p) The commission, in consultation with the participating
37 districts, may propose revisions to the criteria and guidelines
38 established pursuant to subdivision (o) as necessary to improve
39 the ability of the program to achieve its goals. A revision may be
40 proposed at any time, or may be proposed in response to a finding

1 made in the annual report on the program published by the state
2 board pursuant to Section 44295. A proposed revision shall be
3 made available to the public 45 days before final adoption of the
4 revision and the commission shall hold at least one public meeting
5 to consider public comments before final adoption of the revision.

6 (q) Unclaimed funds will be allocated by the state board in
7 accordance with Section 44299.2.

8 (r) This section shall remain in effect only until January 1, 2024,
9 and as of that date is repealed, unless a later enacted statute, that
10 is enacted before January 1, 2024, deletes or extends that date.

11 ~~SEC. 22.~~

12 *SEC. 23.* Section 44287 of the Health and Safety Code, as
13 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
14 amended to read:

15 44287. (a) The state board shall establish grant criteria and
16 guidelines consistent with this chapter for covered vehicle projects
17 as soon as practicable, but not later than January 1, 2000. The
18 adoption of guidelines is exempt from the rulemaking provisions
19 of the Administrative Procedure Act, Chapter 3.5 (commencing
20 with Section 11340) of Part 1 of Division 3 of Title 2 of the
21 Government Code. The state board shall solicit input and comment
22 from the districts during the development of the criteria and
23 guidelines and shall make every effort to develop criteria and
24 guidelines that are compatible with existing district programs that
25 are also consistent with this chapter. Guidelines shall include
26 protocols to calculate project cost-effectiveness. The grant criteria
27 and guidelines shall include safeguards to ensure that the project
28 generates surplus emissions reductions. Guidelines shall enable
29 and encourage districts to cofund projects that provide emissions
30 reductions in more than one district. The state board shall make
31 draft criteria and guidelines available to the public 45 days before
32 final adoption, and shall hold at least one public meeting to
33 consider public comments before final adoption.

34 (b) The state board, in consultation with the participating
35 districts, may propose revisions to the criteria and guidelines
36 established pursuant to subdivision (a) as necessary to improve
37 the ability of the program to achieve its goals. A proposed revision
38 shall be made available to the public 45 days before final adoption
39 of the revision and the state board shall hold at least one public

1 meeting to consider public comments before final adoption of the
2 revision.

3 (c) The state board shall reserve funds for, and disburse funds
4 to, districts from the fund for administration pursuant to this section
5 and Section 44299.1.

6 (d) The state board shall develop guidelines for a district to
7 follow in applying for the reservation of funds, in accordance with
8 this chapter. It is the intent of the Legislature that district
9 administration of any reserved funds be in accordance with the
10 project selection criteria specified in Sections 44281, 44282, and
11 44283 and all other provisions of this chapter. The guidelines shall
12 be established and published by the state board as soon as
13 practicable, but not later than January 1, 2000.

14 (e) Funds shall be reserved by the state board for administration
15 by a district that adopts an eligible program pursuant to this chapter
16 and offers matching funds at a ratio of one dollar (\$1) of matching
17 funds committed by the district or the Mobile Source Air Pollution
18 Reduction Review Committee for every two dollars (\$2) committed
19 from the fund. Funds available to the Mobile Source Air Pollution
20 Reduction Review Committee may be counted as matching funds
21 for projects in the South Coast Air Basin only if the committee
22 approves the use of these funds for matching purposes. Matching
23 funds may be any funds under the district's budget authority that
24 are committed to be expended in accordance with the program.
25 Funds committed by a port authority or a local government, in
26 cooperation with a district, to be expended in accordance with the
27 program may also be counted as district matching funds. Matching
28 funds provided by a port authority or a local government may not
29 exceed 30 percent of the total required matching funds in any
30 district that applies for more than three hundred thousand dollars
31 (\$300,000) of the state board funds. Only a district, or a port
32 authority or a local government teamed with a district, may provide
33 matching funds.

34 (f) The state board may adjust the ratio of matching funds
35 described in subdivision (e), if it determines that an adjustment is
36 necessary in order to maximize the use of, or the air quality benefits
37 provided by, the program, based on a consideration of the financial
38 resources of the district.

39 (g) Notwithstanding subdivision (e), a district need not provide
40 matching funds for state board funds allocated to the district for

1 program outreach activities pursuant to paragraph (4) of subdivision
2 (a) of Section 44299.1.

3 (h) A district may include within its matching funds a reasonable
4 estimate of direct or in-kind costs for assistance in providing
5 program outreach and application evaluation. In-kind and direct
6 matching funds shall not exceed 15 percent of the total matching
7 funds offered by a district. A district may also include within its
8 matching funds any money spent on or after February 25, 1999,
9 that would have qualified as matching funds but were not
10 previously claimed as matching funds.

11 (i) A district desiring a reservation of funds shall apply to the
12 state board following the application guidelines established
13 pursuant to this section. The state board shall approve or disapprove
14 a district application not later than 60 days after receipt. Upon
15 approval of any district application, the state board shall
16 simultaneously approve a reservation of funding for that district
17 to administer. Reserved funds shall be disbursed to the district so
18 that funding of a district-approved project is not impeded.

19 (j) Notwithstanding any other provision of this chapter, districts
20 and the Mobile Source Air Pollution Reduction Review Committee
21 shall not use funds collected pursuant to Section 41081 or Chapter
22 7 (commencing with Section 44220), or pursuant to Section
23 9250.11 of the Vehicle Code, as matching funds to fund a project
24 with stationary or portable engines, locomotives, or marine vessels.

25 (k) Any funds reserved for a district pursuant to this section are
26 available to the district for a period of not more than two years
27 from the time of reservation. Funds not expended by June 30 of
28 the second calendar year following the date of the reservation shall
29 revert back to the state board as of that June 30, and shall be
30 deposited in the Covered Vehicle Account established pursuant to
31 Section 44299. The funds may then be redirected based on
32 applications to the fund. Regardless of any reversion of funds back
33 to the state board, the district may continue to request other
34 reservations of funds for local administration. Each reservation of
35 funds shall be accounted for separately, and unused funds from
36 each application shall revert back to the state board as specified
37 in this subdivision.

38 (l) The state board shall specify a date each year when district
39 applications are due. If the eligible applications received in any
40 year oversubscribe the available funds, the state board shall reserve

1 funds on an allocation basis, pursuant to subdivision (b) of Section
2 44299.1. The state board may accept a district application after
3 the due date for a period of months specified by the state board.
4 Funds may be reserved in response to those applications, in
5 accordance with this chapter, out of funds remaining after the
6 original reservation of funds for the year.

7 (m) Guidelines for a district application shall require information
8 from an applicant district to the extent necessary to meet the
9 requirements of this chapter, but shall otherwise minimize the
10 information required of a district.

11 (n) A district application shall be reviewed by the state board
12 immediately upon receipt. If the state board determines that an
13 application is incomplete, the applicant shall be notified within 10
14 working days with an explanation of what is missing from the
15 application. A completed application fulfilling the criteria shall be
16 approved as soon as practicable, but not later than 60 working days
17 after receipt.

18 (o) The state board, in consultation with the districts, shall
19 establish project approval criteria and guidelines for infrastructure
20 projects consistent with Section 44284 as soon as practicable, but
21 not later than February 15, 2000. The commission shall make draft
22 criteria and guidelines available to the public 45 days before final
23 adoption, and shall hold at least one public meeting to consider
24 public comments before final adoption.

25 (p) The state board, in consultation with the participating
26 districts, may propose revisions to the criteria and guidelines
27 established pursuant to subdivision (o) as necessary to improve
28 the ability of the program to achieve its goals. A revision may be
29 proposed at any time, or may be proposed in response to a finding
30 made in the annual report on the program published by the state
31 board pursuant to Section 44295. A proposed revision shall be
32 made available to the public 45 days before final adoption of the
33 revision and the commission shall hold at least one public meeting
34 to consider public comments before final adoption of the revision.

35 (q) This section shall become operative on January 1, 2024.

36 ~~SEC. 23.~~

37 *SEC. 24.* Section 44299.1 of the Health and Safety Code, as
38 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
39 amended to read:

1 44299.1. (a) To ensure that emission reductions are obtained
2 as needed from pollution sources, any money deposited in or
3 appropriated to the fund shall be segregated and administered as
4 follows:

5 (1) Not more than 2 percent of the moneys in the fund shall be
6 allocated to program support and outreach costs incurred by the
7 state board and the commission directly associated with
8 implementing the program pursuant to this chapter. These funds
9 shall be allocated to the state board and the commission in
10 proportion to total program funds administered by the state board
11 and the commission.

12 (2) Not more than 2 percent of the moneys in the fund shall be
13 allocated to direct program outreach activities. The state board
14 may use these funds for program outreach contracts or may allocate
15 outreach funds to participating air districts in proportion to each
16 district's allocation from the Covered Vehicle Account. The state
17 board shall report on the use of outreach funds in their reports to
18 the Legislature pursuant to Section 44295.

19 (3) The balance shall be deposited in the Covered Vehicle
20 Account to be expended to offset added costs of new very low or
21 zero-emission vehicle technologies, and emission reducing
22 repowers, retrofits, and add-on equipment for covered vehicles
23 and engines, and other projects specified in Section 44281.

24 (b) Funds in the Covered Vehicle Account shall be allocated to
25 a district that submits an eligible application to the state board
26 pursuant to Section 44287. The state board shall determine the
27 maximum amount of annual funding from the Covered Vehicle
28 Account that each district may receive. This determination shall
29 be based on the population in each district as well as the relative
30 importance of obtaining covered emission reductions in each
31 district, specifically through the program.

32 (c) Not more than 5 percent of the moneys allocated pursuant
33 to this chapter to a district with a population of one million or more
34 may be used by the district for indirect costs of implementation of
35 the program, including outreach costs that are subject to the
36 limitation in paragraph (2) of subdivision (a).

37 (d) Not more than 10 percent of the moneys allocated pursuant
38 to this chapter to a district with a population of less than one
39 million may be used by the district for indirect costs of

1 implementation of the program, including outreach costs that are
2 subject to the limitation in paragraph (2) of subdivision (a).

3 (e) This section shall remain in effect only until January 1, 2024,
4 and as of that date is repealed, unless a later enacted statute, that
5 is enacted before January 1, 2024, deletes or extends that date.

6 ~~SEC. 24.~~

7 *SEC. 25.* Section 44299.1 of the Health and Safety Code, as
8 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
9 amended to read:

10 44299.1. (a) To ensure that emission reductions are obtained
11 as needed from pollution sources, any money deposited in or
12 appropriated to the fund shall be segregated and administered as
13 follows:

14 (1) Ten percent, not to exceed two million dollars (\$2,000,000),
15 shall be allocated to the Infrastructure Demonstration Project to
16 be used pursuant to Section 44284.

17 (2) Ten percent shall be deposited in the Advanced Technology
18 Account to be used to support research, development,
19 demonstration, and commercialization of advanced low-emission
20 technologies for covered sources that show promise of contributing
21 to the goals of the program.

22 (3) Not more than 2 percent of the moneys in the fund shall be
23 allocated to program support and outreach costs incurred by the
24 state board and the commission directly associated with
25 implementing the program pursuant to this chapter. These funds
26 shall be allocated to the state board and the commission in
27 proportion to total program funds administered by the state board
28 and the commission.

29 (4) Not more than 2 percent of the moneys in the fund shall be
30 allocated to direct program outreach activities. The state board
31 may use these funds for program outreach contracts or may allocate
32 outreach funds to participating air districts in proportion to each
33 district's allocation from the Covered Vehicle Account. The state
34 board shall report on the use of outreach funds in their reports to
35 the Legislature pursuant to Section 44295.

36 (5) The balance shall be deposited in the Covered Vehicle
37 Account to be expended to offset added costs of new very low or
38 zero-emission vehicle technologies, and emission reducing
39 repowers, retrofits, and add-on equipment for covered vehicles
40 and engines.

1 (b) Funds in the Covered Vehicle Account shall be allocated to
2 a district that submits an eligible application to the state board
3 pursuant to Section 44287. The state board shall determine the
4 maximum amount of annual funding from the Covered Vehicle
5 Account that each district may receive. This determination shall
6 be based on the population in each district as well as the relative
7 importance of obtaining NO_x reductions in each district,
8 specifically through the program.

9 (c) This section shall become operative on January 1, 2024.

10 ~~SEC. 25.~~

11 *SEC. 26.* Section 44299.2 of the Health and Safety Code is
12 amended to read:

13 44299.2. Funds shall be allocated to local air pollution control
14 and air quality management districts, and shall be subject to
15 administrative terms and conditions as follows:

16 (a) Available funds shall be distributed to districts taking into
17 consideration the population of the area, the severity of the air
18 quality problems experienced by the population, and the historical
19 allocation of the Carl Moyer Memorial Air Quality Standards
20 Attainment Trust Fund, except that the south coast district shall
21 be allocated a percentage of the total funds available to districts
22 that is proportional to the percentage of the total state population
23 residing within the jurisdictional boundaries of that district. For
24 the purposes of this subdivision, population shall be determined
25 by the state board based on the most recent data provided by the
26 Department of Finance. The allocation to the south coast district
27 shall be subtracted from the total funds available to districts. Each
28 district, except the south coast district, shall be awarded a minimum
29 allocation of two hundred thousand dollars (\$200,000), and the
30 remainder, which shall be known as the “allocation amount,” shall
31 be allocated to all districts as follows:

32 (1) The state board shall distribute 35 percent of the allocation
33 amount to the districts in proportion to the percentage of the total
34 residual state population that resides within each district’s
35 boundaries. For purposes of this paragraph, “total residual state
36 population” means the total state population, less the total
37 population that resides within the south coast district.

38 (2) The state board shall distribute 35 percent of the allocation
39 amount to the districts in proportion to the severity of the air quality

1 problems to which each district's population is exposed. The
2 severity of the exposure shall be calculated as follows:

3 (A) Each district shall be awarded severity points based on the
4 district's attainment designation and classification, as most recently
5 promulgated by the federal Environmental Protection Agency for
6 the National Ambient Air Quality Standard for ozone averaged
7 over eight hours, as follows:

8 (i) A district that is designated attainment for the federal
9 eight-hour ozone standard shall be awarded one point.

10 (ii) A district that is designated nonattainment for the federal
11 eight-hour ozone standard shall be awarded severity points based
12 on classification. Two points shall be awarded for transitional,
13 basic, or marginal classifications, three points for moderate
14 classification, four points for serious classification, five points for
15 severe classification, six points for severe-17 classification, and
16 seven points for extreme classification.

17 (B) Each district shall be awarded severity points based on the
18 annual diesel particulate emissions in the air basin, as determined
19 by the state board. One point shall be awarded to the district, in
20 increments, for each 1,000 tons of diesel particulate emissions. In
21 making this determination, 0 to 999 tons shall be awarded no
22 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to
23 2,999 tons shall be awarded two points, and so forth. If a district
24 encompasses more than one air basin, the air basin with the greatest
25 diesel particulate emissions shall be used to determine the points
26 awarded to the district. The San Diego County Air Pollution
27 Control District and the Imperial County Air Pollution Control
28 District shall be awarded one additional point each to account for
29 annual diesel particulate emissions transported from Mexico.

30 (C) The points awarded under subparagraphs (A) and (B), shall
31 be added together for each district, and the total shall be multiplied
32 by the population residing within the district boundaries, to yield
33 the local air quality exposure index.

34 (D) The local air quality exposure index for each district shall
35 be summed together to yield a total state exposure index. Funds
36 shall be allocated under this paragraph to each district in proportion
37 to its local air quality exposure index divided by the total state
38 exposure index.

39 (3) The state board shall distribute 30 percent of the allocation
40 amount to the districts in proportion to the allocation of funds from

1 the Carl Moyer Memorial Air Quality Standards Attainment Trust
2 Fund, as follows:

3 (A) Because each district is awarded a minimum allocation
4 pursuant to subdivision (a), there shall be no additional minimum
5 allocation from the Carl Moyer historical allocation funds. The
6 total amount allocated in this way shall be subtracted from total
7 funding previously awarded to the district under the Carl Moyer
8 Memorial Air Quality Standards Attainment Program, and the
9 remainder, which shall be known as directed funds, shall be
10 allocated pursuant to subparagraph (B).

11 (B) Each district with a population that is greater than or equal
12 to 1 percent of the state's population shall receive an additional
13 allocation based on the population of the district and the district's
14 relative share of emission reduction commitments in the state
15 implementation plan to attain the National Ambient Air Quality
16 Standard for ozone averaged over one hour. This additional
17 allocation shall be calculated as a percentage share of the directed
18 funds for each district, derived using a ratio of each district's share
19 amount to the base amount, which shall be calculated as follows:

20 (i) The base amount shall be the total Carl Moyer program funds
21 allocated by the state board to the districts in the 2002–03 fiscal
22 year, less the total of the funds allocated through the minimum
23 allocation to each district in the 2002–03 fiscal year.

24 (ii) The share amount shall be the allocation that each district
25 received in the 2002–03 fiscal year, not including the minimum
26 allocation. There shall be one share amount for each district.

27 (iii) The percentage share shall be calculated for each district
28 by dividing the district's share amount by the base amount, and
29 multiplying the result by the total directed funds available under
30 this subparagraph.

31 (b) Funds shall be distributed as expeditiously as reasonably
32 practicable, and a report of the distribution shall be made available
33 to the public.

34 (c) All funds allocated pursuant to this section shall be expended
35 as provided in the guidelines adopted pursuant to Section 44287
36 within two years from the date of allocation. Funds not expended
37 within the two years shall be returned to the Covered Vehicle
38 Account within 60 days and shall be subject to further allocation
39 as follows:

1 (1) Within 30 days of the deadline to return funds, the state
2 board shall notify the districts of the total amount of returned funds
3 available for reallocation, and shall list those districts that request
4 supplemental funds from the reallocation and that are able to
5 expend those funds within one year.

6 (2) Within 90 days of the deadline to return funds, the state
7 board shall allocate the returned funds to the districts listed
8 pursuant to paragraph (1).

9 (3) All supplemental funds distributed under this subdivision
10 shall be expended consistent with the Carl Moyer Air Quality
11 Standards Attainment Program within one year of the date of
12 supplemental allocation. Funds not expended within one year shall
13 be returned to the Covered Vehicle Account and shall be distributed
14 at the discretion of the state board to districts, taking into
15 consideration of each district's ability to expeditiously utilize the
16 remaining funds consistent with the Carl Moyer Air Quality
17 Standards Attainment Program.

18 (d) This section shall remain in effect only until January 1, 2024,
19 and as of that date is repealed, unless a later enacted statute, that
20 is enacted before January 1, 2024, deletes or extends that date.

21 ~~SEC. 26.~~

22 *SEC. 27.* Section 42885 of the Public Resources Code, as
23 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
24 amended to read:

25 42885. (a) For purposes of this section, "California tire fee"
26 means the fee imposed pursuant to this section.

27 (b) (1) Before January 1, 2015, a person who purchases a new
28 tire, as defined in subdivision (g), shall pay a California tire fee
29 of one dollar and seventy-five cents (\$1.75) per tire.

30 (2) On and after January 1, 2015, a person who purchases a new
31 tire, as defined in subdivision (g), shall pay a California tire fee
32 of one dollar and fifty cents (\$1.50) per tire.

33 (3) The retail seller shall charge the retail purchaser the amount
34 of the California tire fee as a charge that is separate from, and not
35 included in, any other fee, charge, or other amount paid by the
36 retail purchaser.

37 (4) The retail seller shall collect the California tire fee from the
38 retail purchaser at the time of sale and may retain 1 ½ percent of
39 the fee as reimbursement for any costs associated with the
40 collection of the fee. The retail seller shall remit the remainder to

1 the state on a quarterly schedule for deposit in the California Tire
2 Recycling Management Fund, which is hereby created in the State
3 Treasury.

4 (c) The board, or its agent authorized pursuant to Section 42882,
5 shall be reimbursed for its costs of collection, auditing, and making
6 refunds associated with the California Tire Recycling Management
7 Fund, but not to exceed 3 percent of the total annual revenue
8 deposited in the fund.

9 (d) The California tire fee imposed pursuant to subdivision (b)
10 shall be separately stated by the retail seller on the invoice given
11 to the customer at the time of sale. Any other disposal or
12 transaction fee charged by the retail seller related to the tire
13 purchase shall be identified separately from the California tire fee.

14 (e) A person or business who knowingly, or with reckless
15 disregard, makes a false statement or representation in a document
16 used to comply with this section is liable for a civil penalty for
17 each violation or, for continuing violations, for each day that the
18 violation continues. Liability under this section may be imposed
19 in a civil action and shall not exceed twenty-five thousand dollars
20 (\$25,000) for each violation.

21 (f) In addition to the civil penalty that may be imposed pursuant
22 to subdivision (e), the board may impose an administrative penalty
23 in an amount not to exceed five thousand dollars (\$5,000) for each
24 violation of a separate provision or, for continuing violations, for
25 each day that the violation continues, on a person who intentionally
26 or negligently violates a permit, rule, regulation, standard, or
27 requirement issued or adopted pursuant to this chapter. The board
28 shall adopt regulations that specify the amount of the administrative
29 penalty and the procedure for imposing an administrative penalty
30 pursuant to this subdivision.

31 (g) For purposes of this section, “new tire” means a pneumatic
32 or solid tire intended for use with ~~on-road~~ *onroad* or off-road motor
33 vehicles, motorized equipment, construction equipment, or farm
34 equipment that is sold separately from the motorized equipment,
35 or a new tire sold with a new or used motor vehicle, as defined in
36 Section 42803.5, including the spare tire, construction equipment,
37 or farm equipment. “New tire” does not include retreaded, reused,
38 or recycled tires.

39 (h) The California tire fee shall not be imposed on a tire sold
40 with, or sold separately for use on, any of the following:

1 (1) A self-propelled wheelchair.

2 (2) A motorized tricycle or motorized quadricycle, as defined
3 in Section 407 of the Vehicle Code.

4 (3) A vehicle that is similar to a motorized tricycle or motorized
5 quadricycle and is designed to be operated by a person who, by
6 reason of the person's physical disability, is otherwise unable to
7 move about as a pedestrian.

8 (i) This section shall remain in effect only until January 1, 2024,
9 and as of that date is repealed, unless a later enacted statute, that
10 is enacted before January 1, 2024, deletes or extends that date.

11 ~~SEC. 27.~~

12 *SEC. 28.* Section 42885 of the Public Resources Code, as added
13 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
14 to read:

15 42885. (a) For purposes of this section, "California tire fee"
16 means the fee imposed pursuant to this section.

17 (b) (1) Every person who purchases a new tire, as defined in
18 subdivision (g), shall pay a California tire fee of seventy-five cents
19 (\$0.75) per tire.

20 (2) The retail seller shall charge the retail purchaser the amount
21 of the California tire fee as a charge that is separate from, and not
22 included in, any other fee, charge, or other amount paid by the
23 retail purchaser.

24 (3) The retail seller shall collect the California tire fee from the
25 retail purchaser at the time of sale and may retain 3 percent of the
26 fee as reimbursement for any costs associated with the collection
27 of the fee. The retail seller shall remit the remainder to the state
28 on a quarterly schedule for deposit in the California Tire Recycling
29 Management Fund, which is hereby created in the State Treasury.

30 (c) The board, or its agent authorized pursuant to Section 42882,
31 shall be reimbursed for its costs of collection, auditing, and making
32 refunds associated with the California Tire Recycling Management
33 Fund, but not to exceed 3 percent of the total annual revenue
34 deposited in the fund.

35 (d) The California tire fee imposed pursuant to subdivision (b)
36 shall be separately stated by the retail seller on the invoice given
37 to the customer at the time of sale. Any other disposal or
38 transaction fee charged by the retail seller related to the tire
39 purchase shall be identified separately from the California tire fee.

1 (e) Any person or business who knowingly, or with reckless
2 disregard, makes any false statement or representation in any
3 document used to comply with this section is liable for a civil
4 penalty for each violation or, for continuing violations, for each
5 day that the violation continues. Liability under this section may
6 be imposed in a civil action and shall not exceed twenty-five
7 thousand dollars (\$25,000) for each violation.

8 (f) In addition to the civil penalty that may be imposed pursuant
9 to subdivision (e), the board may impose an administrative penalty
10 in an amount not to exceed five thousand dollars (\$5,000) for each
11 violation of a separate provision or, for continuing violations, for
12 each day that the violation continues, on any person who
13 intentionally or negligently violates any permit, rule, regulation,
14 standard, or requirement issued or adopted pursuant to this chapter.
15 The board shall adopt regulations that specify the amount of the
16 administrative penalty and the procedure for imposing an
17 administrative penalty pursuant to this subdivision.

18 (g) For purposes of this section, “new tire” means a pneumatic
19 or solid tire intended for use with ~~on-road~~ *onroad* or off-road motor
20 vehicles, motorized equipment, construction equipment, or farm
21 equipment that is sold separately from the motorized equipment,
22 or a new tire sold with a new or used motor vehicle, as defined in
23 Section 42803.5, including the spare tire, construction equipment,
24 or farm equipment. “New tire” does not include retreaded, reused,
25 or recycled tires.

26 (h) The California tire fee may not be imposed on any tire sold
27 with, or sold separately for use on, any of the following:

28 (1) Any self-propelled wheelchair.

29 (2) Any motorized tricycle or motorized quadricycle, as defined
30 in Section 407 of the Vehicle Code.

31 (3) Any vehicle that is similar to a motorized tricycle or
32 motorized quadricycle and is designed to be operated by a person
33 who, by reason of the person’s physical disability, is otherwise
34 unable to move about as a pedestrian.

35 (i) This section shall become operative on January 1, 2024.

36 ~~SEC. 28.~~

37 *SEC. 29.* Section 42889 of the Public Resources Code, as
38 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
39 amended to read:

1 42889. (a) Commencing January 1, 2005, of the moneys
2 collected pursuant to Section 42885, an amount equal to
3 seventy-five cents (\$0.75) per tire on which the fee is imposed
4 shall be transferred by the State Board of Equalization to the Air
5 Pollution Control Fund. The state board shall expend those moneys,
6 or allocate those moneys to the districts for expenditure, to fund
7 programs and projects that mitigate or remediate air pollution
8 caused by tires in the state, to the extent that the state board or the
9 applicable district determines that the program or project
10 remediates air pollution harms created by tires upon which the fee
11 described in Section 42885 is imposed.

12 (b) The remaining moneys collected pursuant to Section 42885
13 shall be used to fund the waste tire program, and shall be
14 appropriated to the board in the annual Budget Act in a manner
15 consistent with the five-year plan adopted and updated by the
16 board. These moneys shall be expended for the payment of refunds
17 under this chapter and for the following purposes:

18 (1) To pay the administrative overhead cost of this chapter, not
19 to exceed 6 percent of the total revenue deposited in the fund
20 annually, or an amount otherwise specified in the annual Budget
21 Act.

22 (2) To pay the costs of administration associated with collection,
23 making refunds, and auditing revenues in the fund, not to exceed
24 3 percent of the total revenue deposited in the fund, as provided
25 in subdivision (c) of Section 42885.

26 (3) To pay the costs associated with operating the tire recycling
27 program specified in Article 3 (commencing with Section 42870).

28 (4) To pay the costs associated with the development and
29 enforcement of regulations relating to the storage of waste tires
30 and used tires. The board shall consider designating a city, county,
31 or city and county as the enforcement authority of regulations
32 relating to the storage of waste tires and used tires, as provided in
33 subdivision (c) of Section 42850, and regulations relating to the
34 hauling of waste and used tires, as provided in subdivision (b) of
35 Section 42963. If the board designates a local entity for that
36 purpose, the board shall provide sufficient, stable, and
37 noncompetitive funding to that entity for that purpose, based on
38 available resources, as provided in the five-year plan adopted and
39 updated as provided in subdivision (a) of Section 42885.5. The
40 board may consider and create, as appropriate, financial incentives

1 for citizens who report the illegal hauling or disposal of waste tires
2 as a means of enhancing local and statewide waste tire and used
3 tire enforcement programs.

4 (5) To pay the costs of cleanup, abatement, removal, or other
5 remedial action related to waste tire stockpiles throughout the state,
6 including all approved costs incurred by other public agencies
7 involved in these activities by contract with the board. Not less
8 than six million five hundred thousand dollars (\$6,500,000) shall
9 be expended by the board during each of the following fiscal years
10 for this purpose: 2001–02 to 2006–07, inclusive.

11 (6) To make studies and conduct research directed at promoting
12 and developing alternatives to the landfill disposal of waste tires.

13 (7) To assist in developing markets and new technologies for
14 used tires and waste tires. The board’s expenditure of funds for
15 purposes of this subdivision shall reflect the priorities for waste
16 management practices specified in subdivision (a) of Section
17 40051.

18 (8) To pay the costs associated with implementing and operating
19 a waste tire and used tire hauler program and manifest system
20 pursuant to Chapter 19 (commencing with Section 42950).

21 (9) To pay the costs to create and maintain an emergency
22 reserve, which shall not exceed one million dollars (\$1,000,000).

23 (10) To pay the costs of cleanup, abatement, or other remedial
24 action related to the disposal of waste tires in implementing and
25 operating the Farm and Ranch Solid Waste Cleanup and Abatement
26 Grant Program established pursuant to Chapter 2.5 (commencing
27 with Section 48100) of Part 7.

28 (11) To fund border region activities specified in paragraph (8)
29 of subdivision (b) of Section 42885.5.

30 (c) This section shall remain in effect only until January 1, 2024,
31 and as of that date is repealed, unless a later enacted statute that
32 is enacted before January 1, 2024, deletes or extends that date.

33 ~~SEC. 29.~~

34 *SEC. 30.* Section 42889 of the Public Resources Code, as
35 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
36 amended to read:

37 42889. Funding for the waste tire program shall be appropriated
38 to the board in the annual Budget Act. The moneys in the fund
39 shall be expended for the payment of refunds under this chapter
40 and for the following purposes:

1 (a) To pay the administrative overhead cost of this chapter, not
2 to exceed 5 percent of the total revenue deposited in the fund
3 annually, or an amount otherwise specified in the annual Budget
4 Act.

5 (b) To pay the costs of administration associated with collection,
6 making refunds, and auditing revenues in the fund, not to exceed
7 3 percent of the total revenue deposited in the fund, as provided
8 in subdivision (b) of Section 42885.

9 (c) To pay the costs associated with operating the tire recycling
10 program specified in Article 3 (commencing with Section 42870).

11 (d) To pay the costs associated with the development and
12 enforcement of regulations relating to the storage of waste tires
13 and used tires. The board shall consider designating a city, county,
14 or city and county as the enforcement authority of regulations
15 relating to the storage of waste tires and used tires, as provided in
16 subdivision (c) of Section 42850, and regulations relating to the
17 hauling of waste and used tires, as provided in subdivision (b) of
18 Section 42963. If the board designates a local entity for that
19 purpose, the board shall provide sufficient, stable, and
20 noncompetitive funding to that entity for that purpose, based on
21 available resources, as provided in the five-year plan adopted and
22 updated as provided in subdivision (a) of Section 42885.5. The
23 board may consider and create, as appropriate, financial incentives
24 for citizens who report the illegal hauling or disposal of waste tires
25 as a means of enhancing local and statewide waste tire and used
26 tire enforcement programs.

27 (e) To pay the costs of cleanup, abatement, removal, or other
28 remedial action related to waste tire stockpiles throughout the state,
29 including all approved costs incurred by other public agencies
30 involved in these activities by contract with the board. Not less
31 than six million five hundred thousand dollars (\$6,500,000) shall
32 be expended by the board during each of the following fiscal years
33 for this purpose: 2001–02 to 2006–07, inclusive.

34 (f) To fund border region activities specified in paragraph (8)
35 of subdivision (b) of Section 42885.5.

36 (g) This section shall become operative on January 1, 2024.

37 ~~SEC. 30.~~

38 *SEC. 31.* Section 9250.1 of the Vehicle Code is amended to
39 read:

1 9250.1. (a) Beginning July 1, 2008, the fee described in Section
2 9250 shall be increased by three dollars (\$3).

3 (b) Two dollars (\$2) of the increase shall be deposited into the
4 Alternative and Renewable Fuel and Vehicle Technology Fund
5 created by Section 44273 of the Health and Safety Code, and one
6 dollar (\$1) shall be deposited into the Enhanced Fleet
7 Modernization Subaccount created by Section 44126 of the Health
8 and Safety Code.

9 (c) This section shall remain in effect only until January 1, 2024,
10 and as of that date is repealed, unless a later enacted statute, that
11 is enacted before January 1, 2024, deletes or extends that date.

12 ~~SEC. 31.~~

13 *SEC. 32.* Section 9250.2 of the Vehicle Code, as amended by
14 Section 15 of Chapter 707 of the Statutes of 2004, is amended to
15 read:

16 9250.2. (a) The department, if requested by the Sacramento
17 Metropolitan Air Quality Management District pursuant to Section
18 41081 of the Health and Safety Code, shall impose and collect a
19 surcharge on the registration fees for every motor vehicle registered
20 in that district, not to exceed the amount of six dollars (\$6), as
21 specified by the governing body of that district.

22 (b) This section shall remain in effect only until January 1, 2024,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before January 1, 2024, deletes or extends that date.

25 ~~SEC. 32.~~

26 *SEC. 33.* Section 9250.2 of the Vehicle Code, as added by
27 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended
28 to read:

29 9250.2. (a) The department, if requested by the Sacramento
30 Metropolitan Air Quality Management District pursuant to Section
31 41081 of the Health and Safety Code, shall impose and collect a
32 surcharge on the registration fees for every motor vehicle registered
33 in that district, not to exceed ~~either of the following amounts,~~
34 ~~whichever is applicable,~~ as specified by the governing body of that
35 ~~district: four dollars (\$4).~~

36 ~~(1) For each motor vehicle registered in that district whose~~
37 ~~registration expires on or after December 31, 1989, and prior to~~
38 ~~December 31, 1990, two dollars (\$2).~~

1 ~~(2) For each motor vehicle registered in that district whose~~
2 ~~registration expires on or after December 31, 1990, not to exceed~~
3 ~~four dollars (\$4).~~

4 (b) This section shall become operative on January 1, 2024.

5 ~~SEC. 33.~~

6 ~~SEC. 34.~~ Section 9261.1 of the Vehicle Code is amended to
7 read:

8 9261.1. (a) Beginning July 1, 2008, the fee described in Section
9 9261, as adjusted pursuant to Section 1678, shall be increased by
10 five dollars (\$5).

11 (b) Two dollars and fifty cents (\$2.50) of the increase shall be
12 deposited into the Alternative and Renewable Fuel and Vehicle
13 Technology Fund created by Section 44273 of the Health and
14 Safety Code, and two dollars and fifty cents (\$2.50) shall be
15 deposited into the Air Quality Improvement Fund created by
16 Section 44274.5 of the Health and Safety Code.

17 (c) This section shall remain in effect only until January 1, 2024,
18 and as of that date is repealed, unless a later enacted statute, that
19 is enacted before January 1, 2024, deletes or extends that date.

20 ~~SEC. 34.~~

21 ~~SEC. 35.~~ Section 9853.6 of the Vehicle Code is amended to
22 read:

23 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
24 paragraph (1) of subdivision (b) of Section 9853 shall be increased
25 by ten dollars (\$10).

26 (2) Five dollars (\$5) of the increase shall be deposited into the
27 Alternative and Renewable Fuel and Vehicle Technology Fund
28 created by Section 44273 of the Health and Safety Code and five
29 dollars (\$5) shall be deposited into the Air Quality Improvement
30 Fund created by Section 44274.5 of the Health and Safety Code.

31 (b) (1) Beginning July 1, 2008, the fee described in paragraph
32 (2) of subdivision (b) of Section 9853 shall be increased by twenty
33 dollars (\$20).

34 (2) Ten dollars (\$10) of the increase shall be deposited into the
35 Alternative and Renewable Fuel and Vehicle Technology Fund
36 created by Section 44273 of the Health and Safety Code and ten
37 dollars (\$10) shall be deposited into the Air Quality Improvement
38 Fund created by Section 44274.5 of the Health and Safety Code.

1 (c) This section shall remain in effect only until January 1, 2024,
2 and as of that date is repealed, unless a later enacted statute, that
3 is enacted before January 1, 2024, deletes or extends that date.

4 ~~SEC. 35.~~

5 *SEC. 36.* This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety within
7 the meaning of Article IV of the Constitution and shall go into
8 immediate effect. The facts constituting the necessity are:

9 To ensure stable funding for programs to reduce air pollution
10 for the protection of the public health and safety, it is necessary
11 for this measure to take effect immediately.

O