

AMENDED IN SENATE MAY 15, 2013

AMENDED IN SENATE APRIL 18, 2013

SENATE BILL

No. 11

Introduced by Senators Pavley and ~~Rubio Cannella~~
(Principal coauthor: Senator Hill)
(Coauthor: Senator Jackson)

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~~), *referred to as the 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)~~, or *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

1 from vehicular sources, including, but not limited to, a clean fuels
2 program and motor vehicle use reduction measures.

3 (2) The revenues resulting from the next two dollars (\$2) of
4 each surcharge shall be used to implement the following programs
5 that achieve emission reductions from vehicular sources and
6 off-road engines, to the extent that the district determines the
7 program remediates air pollution harms created by motor vehicles
8 on which the surcharge is imposed:

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

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

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

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

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

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

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

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

17 (g) 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. 2. Section 41081 of the Health and Safety Code, as added
21 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended
22 to read:

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

39 (b) The surcharge shall not exceed four dollars (\$4).

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

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

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

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

16 43018.9. (a) For purposes of this section, the following terms
17 have the following meanings:

18 (1) “Commission” means the State Energy Resources
19 Conservation and Development Commission.

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

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

29 (2) This subdivision shall become inoperative on January 1,
30 2024.

31 (c) The state board shall aggregate and make available to the
32 public no later than January 1, 2014, and every two years thereafter,
33 the number of vehicles that automobile manufacturers project to
34 be sold or leased, as reported to the state board pursuant to Section
35 2303(a) of Title 13 of the California Code of Regulations.

36 (d) (1) The commission shall allocate twenty million dollars
37 (\$20,000,000) each fiscal year, beginning July 1, 2013, through
38 June 30, 2016, and up to twenty million dollars (\$20,000,000) each
39 fiscal year thereafter, not to exceed 20 percent of moneys
40 appropriated by the Legislature from the Alternative and

1 Renewable Fuel and Vehicle Technology Fund, established
2 pursuant to Section 44273, for purposes of achieving a hydrogen
3 fueling network sufficient to provide convenient fueling to vehicle
4 owners, and expand that network as necessary to support a growing
5 market for vehicles requiring hydrogen fuel, until there are at least
6 100 publicly available hydrogen fueling stations. *Allocations by*
7 *the commission pursuant to this subdivision shall be subject to all*
8 *of the requirements applicable to allocations from the Alternative*
9 *and Renewable Fuel and Vehicle Technology Program pursuant*
10 *to Article 2 (commencing with Section 44272) of Chapter 8.9.*

11 (2) *The commission, in awarding funds pursuant to the*
12 *allocations described in paragraph (1), shall, based on best*
13 *available data and relevant stakeholder input, award moneys*
14 *allocated in paragraph (1) according to a strategy that supports*
15 *the deployment of an effective and efficient hydrogen fueling station*
16 *network in a way that maximizes benefits to the public while*
17 *minimizing costs to the state.*

18 ~~(2)~~

19 (3) Notwithstanding paragraph (1), once the commission
20 determines, in consultation with the state board, that the private
21 sector is establishing publicly available hydrogen fueling stations
22 without the need for government support, the commission may
23 cease providing funding for those stations.

24 ~~(3)~~

25 (4) On or before December 31, 2015, and annually thereafter,
26 the commission and the state board shall jointly review and report
27 on progress toward establishing a hydrogen fueling network that
28 provides the coverage and capacity to fuel vehicles requiring
29 hydrogen fuel that are being placed into operation in the state. The
30 commission and the state board shall consider the following,
31 including but not limited to, the available plans of automobile
32 manufacturers to deploy fuel cell vehicles in California and their
33 progress toward achieving those plans, the rate of hydrogen fuel
34 cell deployment, the length of time required to permit and construct
35 hydrogen fueling stations, the coverage and capacity of the existing
36 hydrogen fueling station network, and the amount and timing of
37 growth in the fueling network to ensure fuel is available to these
38 vehicles. The review shall also determine the remaining cost and
39 timing to establish a network of 100 publicly available hydrogen
40 fueling stations and whether funding from the Alternative and

1 Renewable Fuel and Vehicle Technology Program remains
2 necessary to achieve this goal.

3 (e) To assist in the implementation of this section and maximize
4 the ability to deploy fueling infrastructure as rapidly as possible
5 with the assistance of private capital, the commission may design
6 grants, loan incentive programs, revolving loan programs, and
7 other forms of financial assistance. The commission also may enter
8 into an agreement with the Treasurer to provide financial assistance
9 to further the purposes of this section.

10 (f) Funds appropriated to the commission for the purposes of
11 this section shall be available for encumbrance by the commission
12 for up to four years from the date of the appropriation and for
13 liquidation up to four years after expiration of the deadline to
14 encumber.

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

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

23 43867.5. The Legislature finds and declares all of the following:

24 (a) The state overwhelmingly relies on a single source of fuel,
25 petroleum, for its transportation needs, and nearly one-half of that
26 petroleum comes from overseas. This overreliance on petroleum
27 leaves residents vulnerable to supply interruptions and price
28 instabilities, and it leaves consumers with essentially no options
29 for alternative transportation fuels.

30 (b) Residents spend over twenty billion dollars
31 (\$20,000,000,000) each year on petroleum fuel imports,
32 representing a significant missed economic opportunity.

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

37 (d) The State Alternative Fuels Plan, which was adopted by the
38 state board and the State Energy Resources Conservation and
39 Development Commission pursuant to Section 43866, outlined
40 specific strategies and targets that would increase the use of

1 alternative and nonpetroleum fuels. The strategy set a moderate
2 growth goal of 26 percent penetration for alternative fuel use in
3 onroad and off-road vehicles by 2022. In 2007, alternative fuels
4 accounted for less than 5 percent of the transportation sector's
5 consumption.

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

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

10 43867.6. (a) In order to measure the progress of alternative
11 fuels use for onroad and off-road vehicles in the state, it is the
12 intent of the Legislature that the state board and the State Energy
13 Resources Conservation and Development Commission shall
14 update the analysis of the state alternative transportation fuels use
15 described in this section.

16 (b) The state board and the State Energy Resources Conservation
17 and Development Commission shall coordinate efforts to
18 implement this article.

19 (c) On or before November 1, 2014, the state board and the
20 State Energy Resources Conservation and Development
21 Commission shall update the economic analysis used in developing
22 and reviewing state board regulations to include a range of
23 petroleum and alternative fuel prices to more accurately assess the
24 future cost of petroleum based and alternative fuels.

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

28 (1) Evaluate how the use of new and existing investment
29 programs could be used to increase the state alternative
30 transportation fuels use.

31 (2) Evaluate how the impact of federal fuel policies and existing
32 state policies will help increase the use of alternative transportation
33 fuels in the state.

34 (e) On or before November 1, 2015, and every two years
35 thereafter consistent with and reported within the integrated energy
36 policy report, pursuant to Section 25302 of the Public Resources
37 Code, the state board and the State Energy Resources Conservation
38 and Development Commission shall report on the status of the
39 state alternative transportation fuels use analysis pursuant to
40 subdivision (a) and make the evaluations required in subdivision

1 (d). The report shall include details as to the quantities of
2 alternative fuels used in the state during the preceding years in
3 absolute terms and as a percentage of the state's overall
4 transportation fuel mix.

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

8 (g) This section shall be implemented consistent with the
9 environmental, public health, and sustainability considerations
10 included in Sections 44271 and 44272. Further, this section does
11 not preempt the California Global Warming Solutions Act of 2006
12 (Division 25.5 (commencing with Section 38500)) or the programs
13 and policies implemented pursuant to that act.

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

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

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

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

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

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

27 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
28 described in subdivision (d) of Section 44060 shall be increased
29 by eight dollars (\$8).

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

32 (1) The revenues generated by four dollars (\$4) shall be
33 deposited in the Air Quality Improvement Fund created by Section
34 44274.5.

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

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

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

4 44225. A district may increase the fee established under Section
5 44223 to up to six dollars (\$6). A district may increase the fee only
6 if the following conditions are met:

7 (a) A resolution providing for both the fee increase and a
8 corresponding program for expenditure of the increased fees for
9 the reduction of air pollution from motor vehicles pursuant to, and
10 for related planning, monitoring, enforcement, and technical studies
11 necessary for the implementation of, the California Clean Air Act
12 of 1988 is adopted and approved by the governing board of the
13 district.

14 (b) In districts with nonelected officials on their governing
15 boards, the resolution shall be adopted and approved by both a
16 majority of the governing board and a majority of the board
17 members who are elected officials.

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

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

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

27 44225. A district may increase the fee established under Section
28 44223 by up to four dollars (\$4). A district may increase the fee
29 only if the following conditions are met:

30 (a) A resolution providing for both the fee increase and a
31 corresponding program for expenditure of the increased fees for
32 the reduction of air pollution from motor vehicles pursuant to, and
33 for related planning, monitoring, enforcement, and technical studies
34 necessary for the implementation of, the California Clean Air Act
35 of 1988 is adopted and approved by the governing board of the
36 district.

37 (b) In districts with nonelected officials on their governing
38 boards, the resolution shall be adopted and approved by both a
39 majority of the governing board and a majority of the board
40 members who are elected officials.

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

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

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

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

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

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

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

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

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

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

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

14 (c) The Department of Motor Vehicles may annually expend
15 not more than 1 percent of the fees collected pursuant to Section
16 44227 on administrative costs.

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

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

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

37 44229. (a) After deducting all administrative costs it incurs
38 through collection of fees pursuant to Section 44227, the
39 Department of Motor Vehicles shall distribute the revenues to
40 districts which shall use the fees to reduce air pollution from motor

1 vehicles and to carry out related planning, monitoring, enforcement,
2 and technical studies necessary for implementation of the California
3 Clean Air Act of 1988. Fees collected by the Department of Motor
4 Vehicles pursuant to this chapter shall be distributed to districts
5 based upon the amount of fees collected from motor vehicles
6 registered within each district.

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

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

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

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

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

20 SEC. 11. Section 44272 of the Health and Safety Code is
21 amended to read:

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

39 (b) A project that receives more than seventy-five thousand
40 dollars (\$75,000) in funds from the commission shall be approved

1 at a noticed public meeting of the commission and shall be
2 consistent with the priorities established by the investment plan
3 adopted pursuant to Section 44272.5. Under this article, the
4 commission may delegate to the commission’s executive director,
5 or his or her designee, the authority to approve either of the
6 following:

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

10 (2) Amendments to a contract, grant, loan, or other agreement
11 or award as long as the amendments do not increase the amount
12 of the award, change the scope of the project, or modify the purpose
13 of the agreement.

14 (c) The commission shall provide preferences to those projects
15 that maximize the goals of the Alternative and Renewable Fuel
16 and Vehicle Technology Program, based on the following criteria,
17 as applicable:

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

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

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

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

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

36 (6) The project provides nonstate matching funds. Costs incurred
37 from the date a proposed award is noticed may be counted as
38 nonstate matching funds. The commission may adopt further
39 requirements for the purposes of this paragraph. The commission
40 is not liable for costs incurred pursuant to this paragraph if the

1 commission does not give final approval for the project or the
2 proposed recipient does not meet requirements adopted by the
3 commission pursuant to this paragraph.

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

6 (8) The project uses existing or proposed fueling infrastructure
7 to maximize the outcome of the project.

8 (9) The project's ability to reduce on a life-cycle assessment
9 greenhouse gas emissions by at least 10 percent, and higher
10 percentages in the future, from current reformulated gasoline and
11 diesel fuel standards established by the state board.

12 (10) The project's use of alternative fuel blends of at least 20
13 percent, and higher blend ratios in the future, with a preference
14 for projects with higher blends.

15 (11) The project drives new technology advancement for
16 vehicles, vessels, engines, and other equipment, and promotes the
17 deployment of that technology in the marketplace.

18 (d) Only the following shall be eligible for funding:

19 (1) Alternative and renewable fuel projects to develop and
20 improve alternative and renewable low-carbon fuels, including
21 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,
22 hydrogen, and biomethane, among others, and their feedstocks
23 that have high potential for long-term or short-term
24 commercialization, including projects that lead to sustainable
25 feedstocks.

26 (2) Demonstration and deployment projects that optimize
27 alternative and renewable fuels for existing and developing engine
28 technologies.

29 (3) Projects to produce alternative and renewable low-carbon
30 fuels in California.

31 (4) Projects to decrease the overall impact of an alternative and
32 renewable fuel's life cycle carbon footprint and increase
33 sustainability.

34 (5) Alternative and renewable fuel infrastructure, fueling
35 stations, and equipment. The preference in paragraph (10) of
36 subdivision (c) shall not apply to renewable diesel or biodiesel
37 infrastructure, fueling stations, and equipment used solely for
38 renewable diesel or biodiesel fuel.

39 (6) Projects to develop and improve light-, medium-, and
40 heavy-duty vehicle technologies that provide for better fuel

1 efficiency and lower greenhouse gas emissions, alternative fuel
2 usage and storage, or emission reductions, including propulsion
3 systems, advanced internal combustion engines with a 40 percent
4 or better efficiency level over the current market standard,
5 light-weight materials, intelligent transportation systems, energy
6 storage, control systems and system integration, physical
7 measurement and metering systems and software, development of
8 design standards and testing and certification protocols, battery
9 recycling and reuse, engine and fuel optimization electronic and
10 electrified components, hybrid technology, plug-in hybrid
11 technology, battery electric vehicle technology, fuel cell
12 technology, and conversions of hybrid technology to plug-in
13 technology through the installation of safety certified supplemental
14 battery modules.

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

22 (8) Programs and projects to retrofit medium- and heavy-duty
23 on-road and nonroad vehicle fleets with technologies that create
24 higher fuel efficiencies, including alternative and renewable fuel
25 vehicles and technologies, idle management technology, and
26 aerodynamic retrofits that decrease fuel consumption.

27 (9) Infrastructure projects that promote alternative and renewable
28 fuel infrastructure development connected with existing fleets,
29 public transit, and existing transportation corridors, including
30 physical measurement or metering equipment and truck stop
31 electrification.

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

39 (11) Block grants or incentive programs administered by public
40 entities or not-for-profit technology entities for multiple projects,

1 education and program promotion within California, and
2 development of alternative and renewable fuel and vehicle
3 technology centers. The commission may adopt guidelines for
4 implementing the block grant or incentive program, which shall
5 be approved at a noticed public meeting of the commission.

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

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

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

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

26 (1) Contract with the Treasurer to expend funds through
27 programs implemented by the Treasurer, if the expenditure is
28 consistent with all of the requirements of this article and Article
29 1 (commencing with Section 44270).

30 (2) Contract with small business financial development
31 corporations established by the Business, Transportation and
32 Housing Agency to expend funds through the Small Business Loan
33 Guarantee Program if the expenditure is consistent with all of the
34 requirements of this article and Article 1 (commencing with Section
35 44270).

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

38 (A) A public entity.

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

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

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

8 44275. (a) As used in this chapter, the following terms have
9 the following meanings:

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

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

13 (3) “Commission” means the State Energy Resources
14 Conservation and Development Commission.

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

31 (5) “Covered emissions” include emissions of oxides of nitrogen,
32 particulate matter, and reactive organic gases from any covered
33 source.

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

36 (7) “Covered source” includes onroad vehicles, off-road
37 nonrecreational equipment and vehicles, locomotives, diesel marine
38 vessels, agricultural sources of air pollution, as defined in Section
39 39011.5, and, as determined by the state board, other high-emitting
40 engine categories.

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

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

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

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

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

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

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

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

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

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

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

1 (b) 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. 13. Section 44275 of the Health and Safety Code, as
5 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is
6 amended to read:

7 44275. (a) As used in this chapter, the following terms have
8 the following meanings:

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

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

12 (3) “Commission” means the State Energy Resources
13 Conservation and Development Commission.

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

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

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

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

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

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

38 (10) “Mobile Source Air Pollution Reduction Review
39 Committee” means the Mobile Source Air Pollution Reduction
40 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. 14. Section 44280 of the Health and Safety Code, as
32 amended by Section 6 of Chapter 707 of the Statutes of 2004, is
33 amended to read:

34 44280. (a) There is hereby created the Carl Moyer Memorial
35 Air Quality Standards Attainment Program. The program shall be
36 administered by the state board in accordance with this chapter.
37 The administration of the program may be delegated to the districts.

38 (b) The program shall provide grants to offset the incremental
39 cost of projects that reduce covered emissions from covered sources
40 in California. Eligibility for grant awards shall be determined by

1 the state board, in consultation with the districts, in accordance
2 with this chapter.

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

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

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

17 44280. (a) There is hereby created the Carl Moyer Memorial
18 Air Quality Standards Attainment Program. The program shall be
19 administered by the state board in accordance with this chapter.
20 The administration of the program may be delegated to the districts.

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

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

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

35 SEC. 16. Section 44281 of the Health and Safety Code, as
36 amended by Section 7 of Chapter 707 of the Statutes of 2004, is
37 amended to read:

38 44281. (a) Eligible projects include, but are not limited to, any
39 of the following:

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

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

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

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

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

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

38 (c) The program may also provide funding toward installation
39 of fueling or electrification infrastructure as provided in Section
40 44284.

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

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

9 (f) 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. 17. Section 44281 of the Health and Safety Code, as
13 added by Section 7.5 of Chapter 707 of the Statutes of 2004, is
14 amended to read:

15 44281. (a) Eligible projects are any of the following:

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

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

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

24 (4) Development and demonstration of practical, low-emission
25 retrofit technologies, repower options, and advanced technologies
26 for covered engines and vehicles with very low emissions of oxides
27 of nitrogen.

28 (b) No new purchase, retrofit, repower, or add-on equipment
29 shall be funded under this chapter if it is required by any local,
30 state, or federal statute, rule, regulation, memoranda of agreement
31 or understanding, or other legally binding document, except that
32 an otherwise qualified project may be funded even if the state
33 implementation plan assumes that the change in equipment,
34 vehicles, or operations will occur, if the change is not required by
35 a statute, regulation, or other legally binding document in effect
36 as of the date the grant is awarded. No project funded by the
37 program shall be used for credit under any state or federal
38 emissions averaging, banking, or trading program. No emission
39 reduction generated by the program shall be used as marketable
40 emission reduction credits or to offset any emission reduction

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

10 (c) The program may also provide funding toward installation
11 of fueling or electrification infrastructure as provided in Section
12 44284.

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

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

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

22 SEC. 18. Section 44282 of the Health and Safety Code, as
23 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
24 amended to read:

25 44282. The following criteria apply to all projects to be funded
26 through the program except for projects funded through the
27 Advanced Technology Account and the Infrastructure
28 Demonstration Program:

29 (a) The state board may establish project criteria, including
30 minimum project life for source categories, in the guidelines
31 described in Section 44287. For previously unregulated source
32 categories, project criteria shall consider the timing of newly
33 established regulatory requirements.

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

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

1 (d) Retrofit technologies, new engines, and new vehicles shall
2 be certified for sale or under experimental permit for operation in
3 California.

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

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

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

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

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

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

7 SEC. 19. Section 44282 of the Health and Safety Code, as
8 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
9 amended to read:

10 44282. The following criteria apply to all projects to be funded
11 through the program except for projects funded through the
12 Advanced Technology Account and the Infrastructure
13 Demonstration Program:

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

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

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

28 (d) Retrofit technologies, new engines, and new vehicles shall
29 be certified for sale or under experimental permit for operation in
30 California.

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

38 (f) Retrofit and add-on equipment projects shall document a
39 NO_x emission reduction of at least 25 percent and no increase in
40 particulate emissions compared to the applicable baseline emissions

1 accepted by the state board for that engine year and application.
2 The state board shall determine appropriate baseline emission
3 levels. Acceptable documentation shall be defined by the state
4 board. After study of available emission reduction technologies
5 and after public notice and comment, the state board may revise
6 the minimum percentage NO_x reduction criterion for retrofits and
7 add-on equipment provided for in this section to improve the ability
8 of the program to achieve its goals.

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

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

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

25 SEC. 20. Section 44283 of the Health and Safety Code, as
26 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
27 amended to read:

28 44283. (a) Grants shall not be made for projects with a
29 cost-effectiveness, calculated in accordance with this section, of
30 more than thirteen thousand six hundred dollars (\$13,600) per ton
31 of NO_x reduced in California or a higher value that reflects state
32 consumer price index adjustments on or after January 1, 2006, as
33 determined by the state board. For projects obtaining reactive
34 organic gas and particulate matter reductions, the state board shall
35 determine appropriate adjustment factors to calculate a weighted
36 cost-effectiveness.

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

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

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

6 (d) The cost of the covered emission reduction is the amount
7 of the grant from the program, including matching funds provided
8 pursuant to subdivision (e) of Section 44287, plus any other state
9 funds, or funds under the district's budget authority or fiduciary
10 control, provided toward the project, not including funds described
11 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
12 The state board shall establish reasonable methodologies for
13 evaluating project cost-effectiveness, consistent with the definition
14 contained in paragraph (4) of subdivision (a) of Section 44275,
15 and with accepted methods, taking into account a fair and
16 reasonable 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 covered emission reducing technology that is part of a project
26 receiving grant funding under the program. The fuel shall be
27 approved for sale by the state board. The incremental fuel cost
28 over the expected lifetime of the vehicle may be offset by the
29 district if the project as a whole, including the incremental fuel
30 cost, meets all of the requirements of this chapter, including the
31 maximum allowed cost-effectiveness. The state board shall develop
32 an appropriate methodology for converting incremental fuel costs
33 over the vehicle lifetime into an initial cost for the purposes of
34 determining project cost-effectiveness. Incremental fuel costs shall
35 not be included in project costs for fuels dispensed from any facility
36 that was funded, 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 off-road equipment by
8 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 remain in effect only until January 1, 2024,
21 and as of that date is repealed, unless a later enacted statute, that
22 is enacted before January 1, 2024, deletes or extends that date.

23 SEC. 21. Section 44283 of the Health and Safety Code, as
24 amended by Section 2 of Chapter 571 of the Statutes of 2010, is
25 amended to read:

26 44283. (a) Grants shall not be made for projects with a
27 cost-effectiveness, calculated in accordance with this section, of
28 more than twelve thousand dollars (\$12,000) per ton of NO_x
29 reduced in California or a higher value that reflects state consumer
30 price index adjustments on or after January 1, 2024, as determined
31 by the state board.

32 (b) Only NO_x reductions occurring in this state shall be included
33 in the cost-effectiveness determination. The extent to which
34 emissions generated at sea contribute to air quality in California
35 nonattainment areas shall be incorporated into these methodologies
36 based on a reasonable assessment of currently available information
37 and modeling assumptions.

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

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

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

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

32 (g) For purposes of determining any grant amount pursuant to
33 this chapter, the incremental cost of any new purchase, retrofit,
34 repower, or add-on equipment shall be reduced by the value of
35 any current financial incentive that directly reduces the project
36 price, including any tax credits or deductions, grants, or other
37 public financial assistance, not including funds described in
38 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
39 Project proponents applying for funding shall be required to state

1 in their application any other public financial assistance to the
2 project.

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

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

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

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

20 44287. (a) The state board shall establish or update grant
21 criteria and guidelines consistent with this chapter for covered
22 vehicle projects as soon as practicable, but not later than January
23 1, 2006. The adoption of guidelines is exempt from the rulemaking
24 provisions of the Administrative Procedure Act, Chapter 3.5
25 (commencing with Section 11340) of Part 1 of Division 3 of Title
26 2 of the Government Code. The state board shall solicit input and
27 comment from the districts during the development of the criteria
28 and guidelines and shall make every effort to develop criteria and
29 guidelines that are compatible with existing district programs that
30 are also consistent with this chapter. Guidelines shall include
31 protocols to calculate project cost-effectiveness. The grant criteria
32 and guidelines shall include safeguards to ensure that the project
33 generates surplus emissions reductions. Guidelines shall enable
34 and encourage districts to cofund projects that provide emissions
35 reductions in more than one district. The state board shall make
36 draft criteria and guidelines available to the public 45 days before
37 final adoption, and shall hold at least one public meeting to
38 consider public comments before final adoption. The state board
39 may develop separate guidelines and criteria for the different types
40 of eligible projects described in subdivision (a) of Section 44281.

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

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

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

20 (e) Funds shall be reserved by the state board for administration
21 by a district that adopts an eligible program pursuant to this chapter
22 and offers matching funds at a ratio of one dollar (\$1) of matching
23 funds committed by the district or the Mobile Source Air Pollution
24 Reduction Review Committee for every two dollars (\$2) committed
25 from the fund. Funds available to the Mobile Source Air Pollution
26 Reduction Review Committee may be counted as matching funds
27 for projects in the South Coast Air Basin only if the committee
28 approves the use of these funds for matching purposes. Matching
29 funds may be any funds under the district's budget authority that
30 are committed to be expended in accordance with the program.
31 Funds committed by a port authority or a local government, in
32 cooperation with a district, to be expended in accordance with the
33 program may also be counted as district matching funds. Matching
34 funds provided by a port authority or a local government may not
35 exceed 30 percent of the total required matching funds in any
36 district that applies for more than three hundred thousand dollars
37 (\$300,000) of the state board funds. Only a district, or a port
38 authority or a local government teamed with a district, may provide
39 matching funds.

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

6 (g) Notwithstanding subdivision (e), a district need not provide
7 matching funds for state board funds allocated to the district for
8 program outreach activities pursuant to paragraph (4) of subdivision
9 (a) of Section 44299.1.

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

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

26 (j) Notwithstanding any other provision of this chapter, districts
27 and the Mobile Source Air Pollution Reduction Review Committee
28 shall not use funds collected pursuant to Section 41081 or Chapter
29 7 (commencing with Section 44220), or pursuant to Section
30 9250.11 of the Vehicle Code, as matching funds to fund a project
31 with stationary or portable engines, locomotives, or marine vessels.

32 (k) Any funds reserved for a district pursuant to this section are
33 available to the district for a period of not more than two years
34 from the time of reservation. Funds not expended by June 30 of
35 the second calendar year following the date of the reservation shall
36 revert back to the state board as of that June 30, and shall be
37 deposited in the Covered Vehicle Account established pursuant to
38 Section 44299. The funds may then be redirected based on
39 applications to the fund. Regardless of any reversion of funds back
40 to the state board, the district may continue to request other

1 reservations of funds for local administration. Each reservation of
2 funds shall be accounted for separately, and unused funds from
3 each application shall revert back to the state board as specified
4 in this subdivision.

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

14 (m) Guidelines for a district application shall require information
15 from an applicant district to the extent necessary to meet the
16 requirements of this chapter, but shall otherwise minimize the
17 information required of a district.

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

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

32 (p) The commission, in consultation with the participating
33 districts, may propose revisions to the criteria and guidelines
34 established pursuant to subdivision (o) as necessary to improve
35 the ability of the program to achieve its goals. A revision may be
36 proposed at any time, or may be proposed in response to a finding
37 made in the annual report on the program published by the state
38 board pursuant to Section 44295. A proposed revision shall be
39 made available to the public 45 days before final adoption of the

1 revision and the commission shall hold at least one public meeting
2 to consider public comments before final adoption of the revision.

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

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

8 SEC. 23. Section 44287 of the Health and Safety Code, as
9 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
10 amended to read:

11 44287. (a) The state board shall establish grant criteria and
12 guidelines consistent with this chapter for covered vehicle projects
13 as soon as practicable, but not later than January 1, 2000. The
14 adoption of guidelines is exempt from the rulemaking provisions
15 of the Administrative Procedure Act, Chapter 3.5 (commencing
16 with Section 11340) of Part 1 of Division 3 of Title 2 of the
17 Government Code. The state board shall solicit input and comment
18 from the districts during the development of the criteria and
19 guidelines and shall make every effort to develop criteria and
20 guidelines that are compatible with existing district programs that
21 are also consistent with this chapter. Guidelines shall include
22 protocols to calculate project cost-effectiveness. The grant criteria
23 and guidelines shall include safeguards to ensure that the project
24 generates surplus emissions reductions. Guidelines shall enable
25 and encourage districts to cofund projects that provide emissions
26 reductions in more than one district. The state board shall make
27 draft criteria and guidelines available to the public 45 days before
28 final adoption, and shall hold at least one public meeting to
29 consider public comments before final adoption.

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

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

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

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

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

34 (g) Notwithstanding subdivision (e), a district need not provide
35 matching funds for state board funds allocated to the district for
36 program outreach activities pursuant to paragraph (4) of subdivision
37 (a) of Section 44299.1.

38 (h) A district may include within its matching funds a reasonable
39 estimate of direct or in-kind costs for assistance in providing
40 program outreach and application evaluation. In-kind and direct

1 matching funds shall not exceed 15 percent of the total matching
2 funds offered by a district. A district may also include within its
3 matching funds any money spent on or after February 25, 1999,
4 that would have qualified as matching funds but were not
5 previously claimed as matching funds.

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

14 (j) Notwithstanding any other provision of this chapter, districts
15 and the Mobile Source Air Pollution Reduction Review Committee
16 shall not use funds collected pursuant to Section 41081 or Chapter
17 7 (commencing with Section 44220), or pursuant to Section
18 9250.11 of the Vehicle Code, as matching funds to fund a project
19 with stationary or portable engines, locomotives, or marine vessels.

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

33 (l) The state board shall specify a date each year when district
34 applications are due. If the eligible applications received in any
35 year oversubscribe the available funds, the state board shall reserve
36 funds on an allocation basis, pursuant to subdivision (b) of Section
37 44299.1. The state board may accept a district application after
38 the due date for a period of months specified by the state board.
39 Funds may be reserved in response to those applications, in

1 accordance with this chapter, out of funds remaining after the
2 original reservation of funds for the year.

3 (m) Guidelines for a district application shall require information
4 from an applicant district to the extent necessary to meet the
5 requirements of this chapter, but shall otherwise minimize the
6 information required of a district.

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

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

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

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

32 SEC. 24. Section 44299.1 of the Health and Safety Code, as
33 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
34 amended to read:

35 44299.1. (a) To ensure that emission reductions are obtained
36 as needed from pollution sources, any money deposited in or
37 appropriated to the fund shall be segregated and administered as
38 follows:

39 (1) Not more than 2 percent of the moneys in the fund shall be
40 allocated to program support and outreach costs incurred by the

1 state board and the commission directly associated with
2 implementing the program pursuant to this chapter. These funds
3 shall be allocated to the state board and the commission in
4 proportion to total program funds administered by the state board
5 and the commission.

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

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

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

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

31 (d) Not more than 10 percent of the moneys allocated pursuant
32 to this chapter to a district with a population of less than one
33 million may be used by the district for indirect costs of
34 implementation of the program, including outreach costs that are
35 subject to the limitation in paragraph (2) of subdivision (a).

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

1 SEC. 25. Section 44299.1 of the Health and Safety Code, as
2 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
3 amended to read:

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

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

11 (2) Ten percent shall be deposited in the Advanced Technology
12 Account to be used to support research, development,
13 demonstration, and commercialization of advanced low-emission
14 technologies for covered sources that show promise of contributing
15 to the goals of the program.

16 (3) Not more than 2 percent of the moneys in the fund shall be
17 allocated to program support and outreach costs incurred by the
18 state board and the commission directly associated with
19 implementing the program pursuant to this chapter. These funds
20 shall be allocated to the state board and the commission in
21 proportion to total program funds administered by the state board
22 and the commission.

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

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

35 (b) Funds in the Covered Vehicle Account shall be allocated to
36 a district that submits an eligible application to the state board
37 pursuant to Section 44287. The state board shall determine the
38 maximum amount of annual funding from the Covered Vehicle
39 Account that each district may receive. This determination shall
40 be based on the population in each district as well as the relative

1 importance of obtaining NO_x reductions in each district,
2 specifically through the program.

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

4 SEC. 26. Section 44299.2 of the Health and Safety Code is
5 amended to read:

6 44299.2. Funds shall be allocated to local air pollution control
7 and air quality management districts, and shall be subject to
8 administrative terms and conditions as follows:

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

25 (1) The state board shall distribute 35 percent of the allocation
26 amount to the districts in proportion to the percentage of the total
27 residual state population that resides within each district’s
28 boundaries. For purposes of this paragraph, “total residual state
29 population” means the total state population, less the total
30 population that resides within the south coast district.

31 (2) The state board shall distribute 35 percent of the allocation
32 amount to the districts in proportion to the severity of the air quality
33 problems to which each district’s population is exposed. The
34 severity of the exposure shall be calculated as follows:

35 (A) Each district shall be awarded severity points based on the
36 district’s attainment designation and classification, as most recently
37 promulgated by the federal Environmental Protection Agency for
38 the National Ambient Air Quality Standard for ozone averaged
39 over eight hours, as follows:

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

3 (ii) A district that is designated nonattainment for the federal
4 eight-hour ozone standard shall be awarded severity points based
5 on classification. Two points shall be awarded for transitional,
6 basic, or marginal classifications, three points for moderate
7 classification, four points for serious classification, five points for
8 severe classification, six points for severe-17 classification, and
9 seven points for extreme classification.

10 (B) Each district shall be awarded severity points based on the
11 annual diesel particulate emissions in the air basin, as determined
12 by the state board. One point shall be awarded to the district, in
13 increments, for each 1,000 tons of diesel particulate emissions. In
14 making this determination, 0 to 999 tons shall be awarded no
15 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to
16 2,999 tons shall be awarded two points, and so forth. If a district
17 encompasses more than one air basin, the air basin with the greatest
18 diesel particulate emissions shall be used to determine the points
19 awarded to the district. The San Diego County Air Pollution
20 Control District and the Imperial County Air Pollution Control
21 District shall be awarded one additional point each to account for
22 annual diesel particulate emissions transported from Mexico.

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

27 (D) The local air quality exposure index for each district shall
28 be summed together to yield a total state exposure index. Funds
29 shall be allocated under this paragraph to each district in proportion
30 to its local air quality exposure index divided by the total state
31 exposure index.

32 (3) The state board shall distribute 30 percent of the allocation
33 amount to the districts in proportion to the allocation of funds from
34 the Carl Moyer Memorial Air Quality Standards Attainment Trust
35 Fund, as follows:

36 (A) Because each district is awarded a minimum allocation
37 pursuant to subdivision (a), there shall be no additional minimum
38 allocation from the Carl Moyer historical allocation funds. The
39 total amount allocated in this way shall be subtracted from total
40 funding previously awarded to the district under the Carl Moyer

1 Memorial Air Quality Standards Attainment Program, and the
2 remainder, which shall be known as directed funds, shall be
3 allocated pursuant to subparagraph (B).

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

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

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

20 (iii) The percentage share shall be calculated for each district
21 by dividing the district's share amount by the base amount, and
22 multiplying the result by the total directed funds available under
23 this subparagraph.

24 (b) Funds shall be distributed as expeditiously as reasonably
25 practicable, and a report of the distribution shall be made available
26 to the public.

27 (c) All funds allocated pursuant to this section shall be expended
28 as provided in the guidelines adopted pursuant to Section 44287
29 within two years from the date of allocation. Funds not expended
30 within the two years shall be returned to the Covered Vehicle
31 Account within 60 days and shall be subject to further allocation
32 as follows:

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

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

1 (3) All supplemental funds distributed under this subdivision
2 shall be expended consistent with the Carl Moyer Air Quality
3 Standards Attainment Program within one year of the date of
4 supplemental allocation. Funds not expended within one year shall
5 be returned to the Covered Vehicle Account and shall be distributed
6 at the discretion of the state board to districts, taking into
7 consideration of each district's ability to expeditiously utilize the
8 remaining funds consistent with the Carl Moyer Air Quality
9 Standards Attainment Program.

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

13 SEC. 27. Section 42885 of the Public Resources Code, as
14 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
15 amended to read:

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

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

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

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

28 (4) The retail seller shall collect the California tire fee from the
29 retail purchaser at the time of sale and may retain 1 ½ percent of
30 the fee as reimbursement for any costs associated with the
31 collection of the fee. The retail seller shall remit the remainder to
32 the state on a quarterly schedule for deposit in the California Tire
33 Recycling Management Fund, which is hereby created in the State
34 Treasury.

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

1 (d) The California tire fee imposed pursuant to subdivision (b)
2 shall be separately stated by the retail seller on the invoice given
3 to the customer at the time of sale. Any other disposal or
4 transaction fee charged by the retail seller related to the tire
5 purchase shall be identified separately from the California tire fee.

6 (e) A person or business who knowingly, or with reckless
7 disregard, makes a false statement or representation in a document
8 used to comply with this section is liable for a civil penalty for
9 each violation or, for continuing violations, for each day that the
10 violation continues. Liability under this section may be imposed
11 in a civil action and shall not exceed twenty-five thousand dollars
12 (\$25,000) for each violation.

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

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

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

- 33 (1) A self-propelled wheelchair.
- 34 (2) A motorized tricycle or motorized quadricycle, as defined
35 in Section 407 of the Vehicle Code.
- 36 (3) A vehicle that is similar to a motorized tricycle or motorized
37 quadricycle and is designed to be operated by a person who, by
38 reason of the person’s physical disability, is otherwise unable to
39 move about as a pedestrian.

1 (i) 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. 28. Section 42885 of the Public Resources Code, as added
5 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
6 to read:

7 42885. (a) For purposes of this section, “California tire fee”
8 means the fee imposed pursuant to this section.

9 (b) (1) Every person who purchases a new tire, as defined in
10 subdivision (g), shall pay a California tire fee of seventy-five cents
11 (\$0.75) per tire.

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

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

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

27 (d) The California tire fee imposed pursuant to subdivision (b)
28 shall be separately stated by the retail seller on the invoice given
29 to the customer at the time of sale. Any other disposal or
30 transaction fee charged by the retail seller related to the tire
31 purchase shall be identified separately from the California tire fee.

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

39 (f) In addition to the civil penalty that may be imposed pursuant
40 to subdivision (e), the board may impose an administrative penalty

1 in an amount not to exceed five thousand dollars (\$5,000) for each
2 violation of a separate provision or, for continuing violations, for
3 each day that the violation continues, on any person who
4 intentionally or negligently violates any permit, rule, regulation,
5 standard, or requirement issued or adopted pursuant to this chapter.
6 The board shall adopt regulations that specify the amount of the
7 administrative penalty and the procedure for imposing an
8 administrative penalty pursuant to this subdivision.

9 (g) For purposes of this section, “new tire” means a pneumatic
10 or solid tire intended for use with onroad or off-road motor
11 vehicles, motorized equipment, construction equipment, or farm
12 equipment that is sold separately from the motorized equipment,
13 or a new tire sold with a new or used motor vehicle, as defined in
14 Section 42803.5, including the spare tire, construction equipment,
15 or farm equipment. “New tire” does not include retreaded, reused,
16 or recycled tires.

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

- 19 (1) Any self-propelled wheelchair.
- 20 (2) Any motorized tricycle or motorized quadricycle, as defined
21 in Section 407 of the Vehicle Code.
- 22 (3) Any vehicle that is similar to a motorized tricycle or
23 motorized quadricycle and is designed to be operated by a person
24 who, by reason of the person’s physical disability, is otherwise
25 unable to move about as a pedestrian.

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

27 SEC. 29. Section 42889 of the Public Resources Code, as
28 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
29 amended to read:

30 42889. (a) Commencing January 1, 2005, of the moneys
31 collected pursuant to Section 42885, an amount equal to
32 seventy-five cents (\$0.75) per tire on which the fee is imposed
33 shall be transferred by the State Board of Equalization to the Air
34 Pollution Control Fund. The state board shall expend those moneys,
35 or allocate those moneys to the districts for expenditure, to fund
36 programs and projects that mitigate or remediate air pollution
37 caused by tires in the state, to the extent that the state board or the
38 applicable district determines that the program or project
39 remediates air pollution harms created by tires upon which the fee
40 described in Section 42885 is imposed.

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

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

11 (2) To pay the costs of administration associated with collection,
12 making refunds, and auditing revenues in the fund, not to exceed
13 3 percent of the total revenue deposited in the fund, as provided
14 in subdivision (c) of Section 42885.

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

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

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

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

3 (7) To assist in developing markets and new technologies for
4 used tires and waste tires. The board's expenditure of funds for
5 purposes of this subdivision shall reflect the priorities for waste
6 management practices specified in subdivision (a) of Section
7 40051.

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

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

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

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

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

23 SEC. 30. Section 42889 of the Public Resources Code, as
24 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
25 amended to read:

26 42889. Funding for the waste tire program shall be appropriated
27 to the board in the annual Budget Act. The moneys in the fund
28 shall be expended for the payment of refunds under this chapter
29 and for the following purposes:

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

34 (b) To pay the costs of administration associated with collection,
35 making refunds, and auditing revenues in the fund, not to exceed
36 3 percent of the total revenue deposited in the fund, as provided
37 in subdivision (b) of Section 42885.

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

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

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

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

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

27 SEC. 31. Section 9250.1 of the Vehicle Code is amended to
28 read:

29 9250.1. (a) Beginning July 1, 2008, the fee described in Section
30 9250 shall be increased by three dollars (\$3).

31 (b) Two dollars (\$2) of the increase shall be deposited into the
32 Alternative and Renewable Fuel and Vehicle Technology Fund
33 created by Section 44273 of the Health and Safety Code, and one
34 dollar (\$1) shall be deposited into the Enhanced Fleet
35 Modernization Subaccount created by Section 44126 of the Health
36 and Safety Code.

37 (c) 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. 32. Section 9250.2 of the Vehicle Code, as amended by
2 Section 15 of Chapter 707 of the Statutes of 2004, is amended to
3 read:

4 9250.2. (a) The department, if requested by the Sacramento
5 Metropolitan Air Quality Management District pursuant to Section
6 41081 of the Health and Safety Code, shall impose and collect a
7 surcharge on the registration fees for every motor vehicle registered
8 in that district, not to exceed the amount of six dollars (\$6), as
9 specified by the governing body of that district.

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

13 SEC. 33. Section 9250.2 of the Vehicle Code, as added by
14 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended
15 to 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 four dollars (\$4).

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

22 SEC. 34. Section 9261.1 of the Vehicle Code is amended to
23 read:

24 9261.1. (a) Beginning July 1, 2008, the fee described in Section
25 9261, as adjusted pursuant to Section 1678, shall be increased by
26 five dollars (\$5).

27 (b) Two dollars and fifty cents (\$2.50) of the increase shall be
28 deposited into the Alternative and Renewable Fuel and Vehicle
29 Technology Fund created by Section 44273 of the Health and
30 Safety Code, and two dollars and fifty cents (\$2.50) shall be
31 deposited into the Air Quality Improvement Fund created by
32 Section 44274.5 of the Health and Safety Code.

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

36 SEC. 35. Section 9853.6 of the Vehicle Code is amended to
37 read:

38 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
39 paragraph (1) of subdivision (b) of Section 9853 shall be increased
40 by ten dollars (\$10).

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

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

9 (2) Ten dollars (\$10) of the increase shall be deposited into the
10 Alternative and Renewable Fuel and Vehicle Technology Fund
11 created by Section 44273 of the Health and Safety Code and ten
12 dollars (\$10) shall be deposited into the Air Quality Improvement
13 Fund created by Section 44274.5 of the Health and Safety Code.

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

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

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