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Code: Section:

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HEALTH AND SAFETY CODE - HSC

DIVISION 26. AIR RESOURCES [39000 - 44475.3] (*Division 26 repealed and added by Stats. 1975, Ch. 957.*)

PART 5. VEHICULAR AIR POLLUTION CONTROL [43000 - 44299.91] (*Part 5 added by Stats. 1975, Ch. 957.*)

CHAPTER 8.9. California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction

Act of 2007 [44270 - 44274.15] (*Chapter 8.9 added by Stats. 2007, Ch. 750, Sec. 5.*)

ARTICLE 4. Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program [44274.10 - 44274.15] (*Article 4 added by Stats. 2021, Ch. 639, Sec. 2.*)

[44274.10.](#) For purposes of this article, the following definitions apply:

(a) "Financing tools" includes, but is not limited to, any of the following:

- (1) Capital instruments, which are financing instruments that increase access to capital or other resources or reduce the cost of capital, or both, such as interest rate reductions, public-backed "soft" loans, grants, bonds, and investment aggregation, also known as warehousing.
- (2) Risk reduction instruments, which are financing instruments that reduce exposure to risk or uncertainty, such as performance guarantees and asset residual value guarantees.
- (3) Cost smoothing instruments, which are financing instruments that reduce and smooth up-front or recurrent costs, or both, such as operational leasing, all-inclusive leasing, also known as wet leasing, lease-purchase agreements, and on-bill financing.

(b) "Fleet" means one or more vehicles under common control or ownership.

(c) "Medium- and heavy-duty vehicle" includes, but is not limited to, trucks, buses, and vehicles used for construction and earth moving purposes.

(d) "Nonfinancial supports" means technical support, such as supports for technical management of electric medium- and heavy-duty vehicles, technical assistance for financing approaches, battery health programs, and creation of residual markets, or policy action, such as policy measures to enable financing or encourage fleet transitions.

(e) "Program" means the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program established pursuant to Section 44274.11.

(f) "Underserved community" means any of the following communities:

- (1) A low-income community as defined by paragraph (2) of subdivision (d) of Section 39713.
- (2) A community identified as a disadvantaged community by the California Environmental Protection Agency pursuant to Section 39711.
- (3) A community selected by the state board pursuant to Section 44391.2.
- (4) A community located on lands belonging to a federally recognized California Native American tribe.

(Amended by Stats. 2022, Ch. 574, Sec. 11. (AB 211) Effective September 27, 2022.)

[44274.11.](#) The Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program is hereby established within the state board's Air Quality Improvement Program established pursuant to Section 44274 to make financing tools and nonfinancial supports available to the operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles.

44274.12. (a) The state board shall do all of the following when developing and implementing the program:

(1) Seek input from environmental justice organizations, medium- and heavy-duty vehicle fleets of diverse sizes and types, financiers, original truck equipment manufacturers, transportation, logistics, and fleet management companies, nongovernmental organizations, and other relevant stakeholders on all of the following topics:

(A) Which medium- and heavy-duty fleets should be designated as high-priority fleets pursuant to paragraph (5), taking into consideration the implications for climate change, pollution and environmental justice, state policy regarding clean air and transportation, and post-COVID economic recovery.

(B) How to apply to the program the Governor's Office of Business and Economic Development's findings on the critical barriers that impede medium- and heavy-duty fleets in different sectors and of different fleet sizes from transitioning to zero-emission vehicles.

(C) The financing tools and nonfinancial supports that should be used to help overcome the critical barriers identified pursuant to subparagraph (B).

(D) How to determine whether the program is successful in meeting its goals.

(2) Develop and design, in consultation with other relevant state agencies and building on the input received pursuant to paragraph (1), financing tools and nonfinancial supports that are most appropriate for different sizes and sectors of medium- and heavy-duty vehicle fleets.

(3) Ensure the financing tools and nonfinancial supports identified pursuant to paragraph (2) have no redundancies or inefficiencies with other state programs.

(4) Ensure that a minimum of 75 percent of financing products offered under the program are directed towards operators of medium- and heavy-duty fleets whose fleets directly impact, or operate in, an underserved community.

(5) Designate which medium- and heavy-duty fleets are the high-priority fleets that will have access to the program first based on a consideration of state transportation policy and the input received pursuant to paragraph (1). The state board shall designate port and drayage truck fleets as one of the high-priority fleets until a date determined by the state board.

(6) Provide financing tools to operators of small and microfleets of medium- and heavy-duty vehicles that include, but are not limited to, direct assistance, such as incentives, grants, and vouchers, that increase access to capital and reduce exposure to market risks or uncertainties. The state board shall determine how many vehicles constitute a small fleet and a microfleet for purposes of the program.

(7) Provide financing tools to operators of large fleets of medium- and heavy-duty vehicles to increase access to private capital in ways that make it easier, less expensive, or reduce uncertainties, or any combination of these things, for the operators to transition to zero-emission vehicles. The state board shall determine how many vehicles constitute a large fleet for purposes of the program.

(8) Enable the stacking or coordinated combination of financial tools and nonfinancial supports.

(9) Facilitate the decommissioning of high-polluting medium- and heavy-duty vehicles in accordance with the state's clean air targets and goals.

(10) Enable the development of replicable business models that allow private capital to fully engage, while meeting the goals of this article.

(11) Include optimal financing tools and appropriate nonfinancial supports that are designed and targeted to catalyze electrification at scale.

(12) Encourage emerging flexible business, operational, and ownership models that accomplish the goals of this article, such as lease-backs or electric vehicle managers and lessors.

(13) Ensure the financing tools and nonfinancial supports designed and developed pursuant to this section are available to operators of medium- and heavy-duty fleets by January 1, 2023.

(b) Upon appropriation by the Legislature, the state board may allocate moneys to the program from, but is not limited to funding the program from, all of the following funding sources:

(1) The Air Quality Improvement Fund created by Section 44274.5.

(2) The Greenhouse Gas Reduction Fund created by Section 16428.8 of the Government Code.

(3) The General Fund.

(c) (1) The state board shall ensure that the program aligns with milestones established in Executive Order No. N-79-20 and the goals set forth in Resolution 20-19 adopted by the state board on June 25, 2020, along with the Advanced Clean Trucks Regulation (Sections 1963 to 1963.5, inclusive, and Sections 2012 to 2012.2, inclusive, of Title 13 of the California Code of Regulations).

(2) The state board shall do both of the following:

(A) Establish penetration targets for deployment of financing tools and nonfinancial supports to operators, including, but not limited to, those whose fleets directly impact, or operate in, underserved communities for each milestone specified in paragraph (1).

(B) Compile data and information about the deployment of financing tools and nonfinancial supports provided pursuant to the program to operators, including, but not limited to, those whose fleets directly impact, or operate in, underserved communities.

(d) The state board shall coordinate with the Public Utilities Commission and the State Energy Resources Conservation and Development Commission to provide marketing, education, and outreach to underserved communities regarding the program.

(Amended by Stats. 2022, Ch. 574, Sec. 13. (AB 211) Effective September 27, 2022.)

44274.13. (a) In implementing the program, the state board, shall develop a data collection and dissemination strategy for the program to facilitate informed decisionmaking by other state agencies and private sector financiers.

(b) The state board shall keep confidential all business trade secrets and proprietary information about fleets that it gathers or becomes aware of through the course of implementing and administering this article, including through applications for financial assistance. Business trade secrets and proprietary information obtained pursuant to this subdivision are not subject to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

(c) The strategy developed pursuant to subdivision (a) shall include data that is necessary to facilitate the financing of zero-emission vehicles in order to increase the scalability of financial tools and nonfinancial supports. These data include, but are not limited to, vehicle and battery performance, upfront and operational costs, residual values, operational revenues, and zero-emission vehicle miles traveled.

(Amended by Stats. 2022, Ch. 574, Sec. 14. (AB 211) Effective September 27, 2022.)

44274.14. The state board shall consult with the State Energy Resources Conservation and Development Commission and the Public Utilities Commission on the use of on-bill tariff products for charging and fueling infrastructure that would allow operators of medium- and heavy-duty fleets to see fuel cost savings of zero-emission vehicles relative to diesel fuel.

(Amended by Stats. 2022, Ch. 574, Sec. 15. (AB 211) Effective September 27, 2022.)

44274.15. The state board shall create, in coordination with other state agencies that administer programs similar to the program established in Section 44274.11, a "one-stop shop" that provides information on the state board's internet website to operators of medium- and heavy-duty fleets about all of the potential financing and grant options and other technical assistance available to help obtain financing for zero-emission medium- and heavy-duty vehicles.

(Added by Stats. 2021, Ch. 639, Sec. 2. (SB 372) Effective January 1, 2022.)