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**AB-2145 Vehicular air pollution.** (2017-2018)

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**Assembly Bill No. 2145**

**CHAPTER 672**

An act to amend Section 39719.2 of the Health and Safety Code, relating to greenhouse gases.

[ Approved by Governor September 22, 2018. Filed with Secretary of State September 22, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2145, Reyes. Vehicular air pollution.

(1) The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature.

Existing law establishes the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007, which includes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, and the Air Quality Improvement Program, administered by the state board. The act requires the energy commission and state board to meet specified goals in fulfilling their responsibilities under their respective programs.

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, upon appropriation from the Greenhouse Gas Reduction Fund, funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects, including, among others, projects that help to facilitate clean goods movement corridors. Existing law requires the state board, in consultation with the energy commission, to develop guidance through the existing Air Quality Improvement Program funding plan process for the implementation of the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program that is consistent with the California Global Warming Solutions Act of 2006. Existing law requires the guidance to ensure that California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program investments are coordinated with specified funding programs developed as part of the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 and to promote projects that assist the state in reaching its climate goals beyond 2020. Existing law requires the state board, when evaluating potential projects to be funded under the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, to give priority to specified projects, including, among others, projects that benefit specified disadvantaged communities.

This bill would add as eligible projects for the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program those projects that support grid integration and integrated storage solutions and charging management demonstration and analytics. The bill would additionally require the energy commission, as part of the guidance developed for the program, to advise the state board on to how to allocate moneys for vehicle charging infrastructure consistent with the energy commission's investment plan strategies on charging infrastructure that is part of the California Alternative and Renewable Fuel, Vehicle

Technology, Clean Air, and Carbon Reduction Act of 2007. The bill instead would require the guidance to promote projects that assist the state in reaching its climate goals beyond 2030. The bill would additionally require the state board, when evaluating potential projects to be funded under the program, to give priority to a project that benefits communities that have implemented a specified community emissions reduction program.

(2) This bill would incorporate additional changes to Section 39719.2 of the Health and Safety Code proposed by SB 1403 to be operative only if this bill and SB 1403 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 39719.2 of the Health and Safety Code is amended to read:

**39719.2.** (a) The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program is hereby created, to be administered by the state board in conjunction with the State Energy Resources Conservation and Development Commission. The program, from moneys appropriated from the fund for the purposes of the program, shall fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. Priority shall be given to projects benefiting disadvantaged communities pursuant to the requirements of Sections 39711 and 39713.

(b) Projects eligible for funding pursuant to this section include, but are not limited to, the following:

(1) Technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, including projects that help to facilitate clean goods movement corridors. Until December 31, 2020, no less than 20 percent of funding made available for purposes of this paragraph shall support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

(2) Zero- and near-zero-emission bus technology development, demonstration, precommercial pilots, and early commercial deployments, including pilots of multiple vehicles at one site or region.

(3) Zero- and near-zero-emission off-road vehicle and equipment technology development, demonstration, precommercial pilots, and early commercial deployments, including vehicles and equipment in the port, agricultural, marine, construction, and rail sectors.

(4) Purchase incentives, which may include point-of-sale, for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and fueling infrastructure to support early market deployments of alternative technologies and to increase manufacturer volumes and accelerate market acceptance.

(5) Projects that support greater commercial motor vehicle and equipment freight efficiency and greenhouse gas emissions reductions, including, but not limited to, advanced intelligent transportation systems, autonomous vehicles, grid integration and integrated storage solutions, charging management demonstration and analytics, and other freight information and operations technologies.

(c) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall develop guidance through the existing Air Quality Improvement Program funding plan process for the implementation of this section that is consistent with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)) and this chapter.

(d) The guidance developed pursuant to subdivision (c) shall do all of the following:

(1) Outline performance criteria and metrics for deployment incentives. The goal shall be to design a simple and predictable structure that provides incentives for truck, bus, and off-road vehicle and equipment technologies that provide significant greenhouse gas reduction and air quality benefits.

(2) (A) Ensure that program investments are coordinated with funding programs developed pursuant to the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9 (commencing with Section 44270) of Part 5).

(B) The State Energy Resources Conservation and Development Commission shall advise the state board on how to allocate money for vehicle charging infrastructure consistent with the commission's investment plan strategies on charging infrastructure.

(3) Promote projects that assist the state in reaching its climate goals beyond 2030, consistent with Section 38566.

(4) Promote investments in medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, marine equipment, and rail equipment.

(5) Implement purchase incentives for eligible technologies to increase the use of the cleanest vehicles in disadvantaged communities.

(6) Allow for remanufactured and retrofitted vehicles to qualify for purchase incentives if those vehicles meet warranty and emissions requirements, as determined by the state board.

(7) Establish a competitive process for the allocation of moneys for projects funded pursuant to this section.

(8) Leverage, to the maximum extent feasible, federal or private funding.

(9) Ensure that the results of emissions reductions or benefits can be measured or quantified.

(10) Ensure that activities undertaken pursuant to this section complement, and do not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminants.

(e) In evaluating potential projects to be funded pursuant to this section, the state board shall give priority to projects that demonstrate one or more of the following characteristics:

(1) Benefit disadvantaged communities pursuant to Sections 39711 and 39713 or communities with a community emissions reduction program implemented pursuant to Section 44391.2.

(2) The ability to leverage additional public and private funding.

(3) The potential for cobenefits or multiple-benefit attributes.

(4) The potential for the project to be replicated.

(5) Regional benefit, with focus on collaboration between multiple entities.

(6) Support for technologies with broad market and emissions reduction potential.

(7) Support for projects addressing technology and market barriers not addressed by other programs.

(8) Support for enabling technologies that benefit multiple technology pathways.

(f) In implementing this section, the state board, in consultation with the State Energy Resources Conservation and Development Commission, shall create an annual framework and plan. The framework and plan shall be developed with public input and may utilize existing investment plan processes and workshops as well as existing state and third-party research and technology roadmaps. The framework and plan shall do all of the following:

(1) Articulate an overarching vision for technology development, demonstration, precommercial pilot, and early commercial deployments, with a focus on moving technologies through the commercialization process.

(2) Outline technology categories and performance criteria for technologies and applications that may be considered for funding pursuant to this section. This shall include technologies for medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, construction equipment, marine equipment, and rail equipment.

(3) Describe the roles of the relevant agencies and the process for coordination.

(g) For purposes of this section, "zero- and near-zero-emission" means vehicles, fuels, and related technologies that reduce greenhouse gas emissions and improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission. "Zero- and near-zero-emission" may include, but is not limited to, zero-emission technology, enabling technologies that provide a pathway to emissions reductions, advanced or alternative fuel engines for long-haul trucks, and hybrid or alternative fuel technologies for trucks and off-road equipment.

**SEC. 1.5.** Section 39719.2 of the Health and Safety Code is amended to read:

**39719.2.** (a) The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program is hereby created, to be administered by the state board in conjunction with the State Energy Resources Conservation and Development Commission. The program, from moneys appropriated from the fund for the purposes of the program, shall fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and

equipment technologies. Priority shall be given to projects benefiting disadvantaged communities pursuant to the requirements of Sections 39711 and 39713.

(b) Projects eligible for funding pursuant to this section include, but are not limited to, the following:

(1) Technology development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero-emission medium- and heavy-duty truck technology, including projects that help to facilitate clean goods movement corridors. Until December 31, 2020, no less than 20 percent of funding made available for purposes of this paragraph shall support early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

(2) Zero- and near-zero-emission bus technology development, demonstration, precommercial pilots, and early commercial deployments, including pilots of multiple vehicles at one site or region.

(3) Zero- and near-zero-emission off-road vehicle and equipment technology development, demonstration, precommercial pilots, and early commercial deployments, including vehicles and equipment in the port, agricultural, marine, construction, and rail sectors.

(4) Purchase incentives, which may include point-of-sale, for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and fueling infrastructure to support early market deployments of alternative technologies and to increase manufacturer volumes and accelerate market acceptance.

(5) Projects that support greater commercial motor vehicle and equipment freight efficiency and greenhouse gas emissions reductions, including, but not limited to, advanced intelligent transportation systems, autonomous vehicles, grid integration and integrated storage solutions, charging management demonstration and analytics, and other freight information and operations technologies.

(c) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall develop guidance through the existing Air Quality Improvement Program funding plan process for the implementation of this section that is consistent with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)) and this chapter.

(d) The guidance developed pursuant to subdivision (c) shall do all of the following:

(1) Outline performance criteria and metrics for deployment incentives. The goal shall be to design a simple and predictable structure that provides incentives for truck, bus, and off-road vehicle and equipment technologies that provide significant greenhouse gas reduction and air quality benefits.

(2) (A) Ensure that program investments are coordinated with funding programs developed pursuant to the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Chapter 8.9 (commencing with Section 44270) of Part 5).

(B) The State Energy Resources Conservation and Development Commission shall advise the state board on how to allocate money for vehicle charging infrastructure consistent with the commission's investment plan strategies on charging infrastructure.

(3) Promote projects that assist the state in reaching its climate goals beyond 2030, consistent with Section 38566.

(4) Promote investments in medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, marine equipment, and rail equipment.

(5) Implement purchase incentives for eligible technologies to increase the use of the cleanest vehicles in disadvantaged communities.

(6) Allow for remanufactured and retrofitted vehicles to qualify for purchase incentives if those vehicles meet warranty and emissions requirements, as determined by the state board.

(7) Establish a competitive process for the allocation of moneys for projects funded pursuant to this section.

(8) Leverage, to the maximum extent feasible, federal or private funding.

(9) Ensure that the results of emissions reductions or benefits can be measured or quantified.

(10) Ensure that activities undertaken pursuant to this section complement, and do not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminants.

(e) In evaluating potential projects to be funded pursuant to this section, the state board shall give priority to projects that demonstrate one or more of the following characteristics:

- (1) Benefit disadvantaged communities pursuant to Sections 39711 and 39713 or communities with a community emissions reduction program implemented pursuant to Section 44391.2.
- (2) The ability to leverage additional public and private funding.
- (3) The potential for cobenefits or multiple-benefit attributes.
- (4) The potential for the project to be replicated.
- (5) Regional benefit, with focus on collaboration between multiple entities.
- (6) Support for technologies with broad market and emissions reduction potential.
- (7) Support for projects addressing technology and market barriers not addressed by other programs.
- (8) Support for enabling technologies that benefit multiple technology pathways.

(f) In implementing this section, the state board, in consultation with the State Energy Resources Conservation and Development Commission, shall create an annual framework and plan. The framework and plan shall be developed with public input and may utilize existing investment plan processes and workshops as well as existing state and third-party research and technology roadmaps. The framework and plan shall do all of the following:

- (1) Articulate an overarching vision for technology development, demonstration, precommercial pilot, and early commercial deployments, with a focus on moving technologies through the commercialization process.
- (2) Outline technology categories and performance criteria for technologies and applications that may be considered for funding pursuant to this section. This shall include technologies for medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short-haul and long-haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, construction equipment, marine equipment, and rail equipment.
- (3) Describe the roles of the relevant agencies and the process for coordination.

(g) For purposes of this section, “zero- and near-zero-emission” means vehicles, fuels, and related technologies that reduce greenhouse gas emissions and improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the State Energy Resources Conservation and Development Commission. “Zero- and near-zero-emission” may include, but is not limited to, zero-emission technology, enabling technologies that provide a pathway to emissions reductions, advanced or alternative fuel engines for long-haul trucks, and hybrid or alternative fuel technologies for trucks and off-road equipment.

(h) (1) In addition to the requirements of Section 44258.4, commencing with the funding plan for the 2019–20 fiscal year of the Air Quality Improvement Program (Article 3 (commencing with Section 44274) of Chapter 8.9 of Part 5), the state board shall include a three-year investment strategy that includes the immediate fiscal year and a forecast of estimated funding needs for the subsequent two fiscal years for zero- and near-zero-emission heavy-duty vehicles and equipment commensurate with meeting the goals of this chapter and the goals of the state.

(2) The three-year investment strategy shall do all of the following:

- (A) Describe the role of public investments in supporting the demonstration and deployment of advanced technologies.
- (B) Provide an assessment of available funding and the investment needed.
- (C) Provide a description of the state board's portfolio of investments.

(3) The state board, in consultation with the State Energy Resources Conservation and Development Commission, shall include in the investment strategy information related to milestones achieved by the state's schoolbus incentive programs and the projected need for funding taking into consideration the state's schoolbus inventory, turnover, and useful life.

**SEC. 2.** Section 1.5 of this bill incorporates amendments to Section 39719.2 of the Health and Safety Code proposed by both this bill and Senate Bill 1403. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2019, (2) each bill amends Section 39719.2 of the Health and Safety Code, and (3) this bill is enacted after Senate Bill 1403, in which case Section 1 of this bill shall not become operative.