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SB-1014 California Clean Miles Standard and Incentive Program: zero-emission vehicles. (2017-2018)

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Senate Bill No. 1014

CHAPTER 369

An act to add Section 44274.4 to the Health and Safety Code, and to amend Section 5431 of, and to add Section 5450 to, the Public Utilities Code, relating to vehicles.

[Approved by Governor September 13, 2018. Filed with Secretary of State September 13, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1014, Skinner. California Clean Miles Standard and Incentive Program: zero-emission vehicles.

Existing law, the Passenger Charter-party Carriers' Act, provides for the regulation of charter-party carriers of passengers by the Public Utilities Commission, and makes it unlawful for a charter-party carrier to operate without first obtaining a permit or certificate from the commission, except as specified. The act includes specified requirements for liability insurance coverage for transportation network companies, as defined, and their participating drivers. Under existing law, a violation of the act or an order or direction of the commission pursuant to the act is a crime.

Existing law requires the State Air Resources Board (state board) to achieve the maximum degree of emissions reduction possible from vehicular and other mobile sources to accomplish the attainment of state standards at the earliest practicable date. Existing law establishes the Air Quality Improvement Program, which is administered by the state board for the purposes of funding projects related to, among other things, the reduction of criteria air pollutants and improvement of air quality. Pursuant to its existing statutory authority, the state board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to promote the production and use of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles. The California Global Warming Solutions Act of 2006 establishes the state board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases.

This bill would establish the California Clean Miles Standard and Incentive Program, which would require, by January 1, 2020, that the state board establish a baseline for emissions of greenhouse gases for vehicles used on the online-enabled applications or platforms by transportation network companies on a per-passenger-mile basis, as provided. The bill would require, by January 1, 2021, that the state board establish, and the commission implement, annual targets and goals starting in 2023 for the reduction under that baseline for emissions of greenhouse gases per passenger-mile driven on behalf of a transportation network company. The bill would require that the targets and goals meet specified requirements. The bill would require, by January 1, 2022, and every 2 years thereafter, that each transportation network company develop a greenhouse gas emissions reduction plan that includes proposals on how to meet the targets and goals for reducing emissions of greenhouse gases that would be established pursuant to the bill. Because the violation of a commission order or direction implementing the bill's provisions would be a crime, the bill would impose a state-mandated local program.

The bill would require the state board to work with transportation network companies, including their affiliates; fleet owners that provide vehicles by contract to participating drivers for use on transportation network company platforms; entities contracting with participating drivers to provide zero-emission vehicles for use on transportation network company platforms; and stakeholders to

evaluate the role of rental fleet, car share fleet, and business Clean Vehicle Rebate Project incentives with the California Clean Miles Standard and Incentive Program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) The transportation sector accounts for almost 50 percent of the emissions of greenhouse gases in California, with light-duty vehicles making up 70 percent of the sector's emissions. Additionally, approximately 80 percent of the smog that continues to plague our state comes from the tailpipes of cars.

(b) California continues to have some of the most polluted air in the nation. According to the American Lung Association's 19th Annual Air Quality Report, seven of the 10 most polluted cities in the nation are in California.

(c) Air pollution creates health impacts. The American Lung Association estimated that California suffered fifteen billion dollars (\$15,000,000,000) in health costs in 2015 due to air pollution, including increases in respiratory illnesses and premature deaths.

(d) Senate Bill No. 375 (Chapter 728 of the Statutes of 2008) requires local governments to meet regional targets for reducing emissions of greenhouse gases, set by the State Air Resources Board, through the coordination of land use and transportation planning.

(e) The Clean Energy and Pollution Reduction Act of 2015 (Chapter 547 of the Statutes of 2015) establishes a state policy of encouraging transportation electrification and requires the State Air Resources Board and the State Energy Resources Conservation and Development Commission to pursue transportation electrification, including increasing access to zero-emission vehicles for low- and moderate-income communities, through investments in vehicle charging infrastructure and the removal of regulatory barriers.

(f) In 2012, Governor Edmund G. Brown issued Executive Order B-16-2012 that created a goal of 1.5 million zero-emission vehicles on the road by 2025.

(g) In October 2016, the Governor's Interagency Working Group on Zero-Emission Vehicles released the "2016 ZEV Action Plan," updating the "2013 ZEV Action Plan," and those action plans have served as the state's roadmap to achieve the goal of 1.5 million zero-emission vehicles on California's roads by 2025.

(h) In 2018, Governor Brown issued Executive Order B-48-18 that created an additional target of 5 million zero-emission vehicles by 2030. That order also sets zero-emission vehicle infrastructure goals of 200 hydrogen fueling stations and 250,000 zero-emission vehicle chargers, including 10,000 direct current fast chargers, by 2025.

(i) The State Air Resources Board has established the Clean Vehicle Rebate Project, as a part of the Air Quality Improvement Program (Article 3 (commencing with Section 44274.3) of Chapter 8.9 of Part 5 of Division 26 of the Health and Safety Code), to subsidize the purchase of zero-emission vehicles by providing rebates for the purchase of new zero-emission vehicles, with a priority and an augmented funding amount for low-income drivers.

(j) Additionally, the State Air Resources Board has established the Enhanced Fleet Modernization Program (Article 11 (commencing with Section 44125) of Chapter 5 of Part 5 of Division 26 of the Health and Safety Code) and the Financing Assistance for Lower-Income Consumers (Financing Assistance Pilot Project) program to subsidize the purchase of, and provide for low-cost financing for, zero-emission vehicles by low-income drivers. Under the Enhanced Fleet Modernization Plus Up Pilot program, a low-income individual can be eligible for up to nine thousand five hundred dollars (\$9,500) toward the purchase of an advanced technology vehicle.

(k) In 2017, the State Air Resources Board approved the first cycle of investment from the Volkswagen Settlement, which plans to invest eight hundred million dollars (\$800,000,000) over a 10-year period in zero-emission vehicle charging infrastructure, public outreach on zero-emission vehicles, and investments in projects, such as car-sharing programs, that will increase access to zero-emission vehicles for all consumers in the state, including those in lower-income and disadvantaged communities.

(l) The State Energy Resources Conservation and Development Commission administers the Alternative and Renewable Fuel and Vehicle Technology Program (Article 2 (commencing with Section 44272) of Chapter 8.9 of Part 5 of Division 26 of the Health

and Safety Code) which invests up to one hundred million dollars (\$100,000,000) annually in zero-emission vehicle fueling and charging infrastructure throughout the state.

(m) Ride-hailing services, known formally as transportation network companies, are services that offer on-demand rides by connecting drivers using their personal vehicles with passengers hailing a ride through a technology-based platform. As more Californians use ride-hailing services, transportation network companies are well positioned to help state and local governments meet pollution and emission reduction goals, advance sustainable land-use objectives, and help meet goals to increase access to clean mobility options for low- and moderate-income individuals, by increasing use of ride-hailing services that utilize zero-emission vehicles, promoting and encouraging shared rides, and helping to reduce congestion.

(n) Zero-emission vehicles not only have environmental benefits, but are significantly cheaper to operate than gas combustion vehicles. Transportation network company drivers with high vehicle miles traveled are ideal candidates for zero-emission vehicles because they drive more miles each year than the average driver and will save on fuel costs and maintenance costs. Barriers to the adoption of zero-emission vehicles by transportation network companies include limited driving range and increased fueling time, but improvements in vehicle and fueling technology continue to reduce these barriers.

(o) Investor-owned utilities can help support the increased deployment of zero-emission vehicles.

(p) In furtherance of state, regional, and local goals to align pollution and greenhouse gas emissions reduction from light-duty vehicles with sustainable land-use planning and to promote access to clean mobility for all, including low- and moderate-income individuals, it is the intent of the Legislature to support transportation decarbonization and the widespread deployment of zero-emission vehicles throughout the state, and particularly by transportation network companies, in a manner that promotes accessible, good quality jobs, sustainable land use, reduced congestion, and increased mobility for all Californians.

SEC. 2. Section 44274.4 is added to the Health and Safety Code, to read:

44274.4. (a) For purposes of this section, the following terms have the following meanings:

- (1) "California Clean Miles Standard and Incentive Program" means the program established pursuant to Section 5450 of the Public Utilities Code.
- (2) "Clean Vehicle Rebate Project" means the program established by the board as part of the Air Quality Improvement Program pursuant to this article.
- (3) "Transportation network company" has the same meaning as defined in Section 5431 of the Public Utilities Code.
- (4) "Zero-emission vehicle" has the same meaning as defined in Section 44258.

(b) The state board shall work with transportation network companies, including their affiliates; fleet owners that provide vehicles by contract to participating drivers for use on transportation network company platforms; entities contracting with participating drivers to provide zero-emission vehicles for use on transportation network company platforms; and stakeholders to evaluate the role of rental fleet, car share fleet, and business Clean Vehicle Rebate Project incentives with the California Clean Miles Standard and Incentive Program.

SEC. 3. Section 5431 of the Public Utilities Code is amended to read:

5431. For purposes of this article, the following terms have the following meanings:

(a) "Participating driver" or "driver" means any person who uses a vehicle in connection with a transportation network company's online-enabled application or platform to connect with passengers.

(b) "Personal vehicle" means a vehicle that is used by a participating driver to provide prearranged transportation services for compensation that meets all of the following requirements:

- (1) Has a passenger capacity of eight persons or less, including the driver.
- (2) Is owned, leased, rented for a term that does not exceed 30 days, or otherwise authorized for use by the participating driver.
- (3) Meets all inspection and other safety requirements imposed by the commission.
- (4) Is not a taxicab or limousine.

(c) "Transportation network company" means an organization, including, but not limited to, a corporation, limited liability company, partnership, sole proprietor, or any other entity, operating in California that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle.

(d) "Transportation network company insurance" means a liability insurance policy that specifically covers liabilities arising from a driver's use of a vehicle in connection with a transportation network company's online-enabled application or platform.

(e) "Zero-emission vehicle" has the same meaning as in Section 44258 of the Health and Safety Code.

SEC. 4. Section 5450 is added to the Public Utilities Code, to read:

5450. (a) (1) The program established pursuant to this section shall be known as the California Clean Miles Standard and Incentive Program.

(2) For purposes of this section, "board" means the State Air Resources Board.

(3) This section applies to transportation providers regulated by the commission that provide prearranged transportation services for compensation using an online-enabled application or platform to connect passengers, including autonomous vehicles, charter-party carriers, and new modes of ridesharing technology that may arise through innovation and subsequent regulation.

(b) (1) By January 1, 2020, the board shall establish a baseline for emissions of greenhouse gases for vehicles used on the online-enabled applications or platforms by transportation network companies on a per-passenger-mile basis. For purposes of this section, emissions per-passenger-mile traveled means the estimated emissions from all vehicles miles traveled in periods 1, 2, and 3, as those terms are used by the commission, including miles driven with no passenger in the vehicles, divided by the total number of passenger miles resulting from transport by those vehicles in period 3, including facilitation of walking, biking, and other modes of active or zero-emission transportation. The board shall use 2018 as the baseline year.

(2) By January 1, 2021, the board shall adopt, and the commission shall implement, annual targets and goals, beginning in 2023, for the reduction under the baseline established pursuant to paragraph (1) of emissions of greenhouse gases per passenger-mile driven on behalf of a transportation network company. These targets and goals shall include annual goals for increasing passenger-miles traveled using zero-emission vehicles. These targets and goals shall be consistent with the Zero-Emission Vehicle Action Plan, be consistent with the stated goals detailed in Executive Order B-48-18, be technically and economically feasible, and be based upon data reported by the transportation network companies to the commission.

(3) The data required of transportation network companies to determine average emissions of greenhouse gases per passenger-mile to be calculated by the board and commission shall include, but is not limited to, all of the following:

(A) The total miles completed by drivers.

(B) The percent share of miles completed by qualified zero-emission means, including miles completed by vehicle, walking, biking, other modes of active transportation, and zero-emission vehicles.

(C) Miles-weighted average network-wide grams of carbon dioxide per mile to produce an estimate of the emissions of greenhouse gases.

(D) Total passenger-miles completed using an average passengers-per-trip estimate to account for trips where exact passenger head count data was not captured.

(4) The board shall delay adoption, and the commission shall delay implementation, of the targets and goals pursuant to paragraph (2) if the board or commission finds that unanticipated barriers exist to expanding the usage of zero-emission vehicles by transportation network companies. The board and commission shall review the available data related to barriers to expanding the usage of zero-emission vehicles by transportation network companies no less often than every two years, including data relative to current and future electric transportation adoption rates and charging infrastructure utilization rates.

(c) By January 1, 2022, and every two years thereafter, each transportation network company shall develop a greenhouse gas emissions reduction plan. A transportation network company greenhouse gas emissions reduction plan shall include proposals on how to meet the targets and goals for reducing emissions of greenhouse gases established pursuant to subdivision (b) based upon the following:

(1) Increased proportion of participating drivers with zero-emission vehicles using transportation network companies.

(2) Increased proportion of vehicle-miles completed by zero-emission vehicles relative to all vehicle-miles.

(3) Decreased gram-per-mile greenhouse gas emissions rates.

(4) Increased passenger-miles in proportion to overall vehicle-miles.

(d) In implementing this section, the commission, the board, and the Energy Commission shall ensure that ongoing state planning efforts and funding programs that are intended to accelerate the adoption of zero-emission vehicles and charging infrastructure

shall consider the goals of the California Clean Miles Standard and Incentive Program. The commission shall additionally do all the following:

(1) Ensure minimal negative impact on low-income and moderate-income drivers.

(2) Ensure that the program complements and supports the sustainable land-use objectives contained in Section 65080 of the Government Code.

(3) Support the goals of clean mobility for low- and moderate-income individuals.

(4) Advance the goals of the California Clean Miles Standard and Incentive Program in reviewing utility transportation electrification applications filed pursuant to subdivision (b) of Section 740.12 and encourage collaboration between electric vehicle charging companies, investor-owned utilities, fleet owners that provide vehicles by contract to participating drivers for use on transportation network company platforms, entities contracting with participating drivers to provide zero-emission vehicles for use on transportation network company platforms, and transportation network companies on investments that would support the California Clean Miles Standard and Incentive Program, consistent with subdivision (b) of Section 740.12 and Executive Order B-48-18.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.