

Assembly Bill No. 126

Passed the Assembly September 14, 2023

Chief Clerk of the Assembly

Passed the Senate September 14, 2023

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2023, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 43018.9, 44060.5, 44125, 44270.3, 44271, 44272, and 44274 of, to add Sections 44272.1 and 44272.6 to, and to repeal Section 44272.4 of, the Health and Safety Code, to amend Section 25231.5 of the Public Resources Code, and to amend Sections 9250.1 and 9261.1 of the Vehicle Code, relating to the air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 126, Reyes. Vehicular air pollution: Clean Transportation Program: vehicle registration and identification plate service fees: smog abatement fee: extension.

Existing law, until January 1, 2024, increases the smog abatement fee on certain vehicles by a specified amount and requires the revenues generated by the increase to be deposited in the Air Quality Improvement Fund and the Alternative and Renewable Fuel and Vehicle Technology Fund.

Existing law, until January 1, 2024, increases vehicle registration fees and certain service fees for identification plates by specified amounts. 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.

This bill would extend the increases in those charges to July 1, 2035.

Existing law, until January 1, 2024, prohibits the State Air Resources Board from enforcing any element of its clean fuels outlet regulations or other regulation that requires or has the effect of requiring suppliers, as defined, to construct, operate, or provide funding for the construction or operation of publicly available hydrogen-fueling stations. Existing law, until January 1, 2024, requires the state board to aggregate and make available certain information regarding projected leases and sales of, and the registration of, hydrogen-fueled vehicles, to evaluate, based on that information, the need for additional publicly available

hydrogen-fueling stations for the actual and projected number of hydrogen-fueled vehicles, the geographic areas where fuel will be needed, and station coverage, and to report the finding of the evaluation to the State Energy Resources Conservation and Development Commission (Energy Commission). Existing law, until January 1, 2024, requires the Energy Commission to annually allocate \$20,000,000 to fund the number of publicly available hydrogen-fueling stations identified by the state board, not to exceed 20% of the moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund, until at least 100 publicly available hydrogen-fueling stations are operating in the state.

This bill would extend the above-described provisions to July 1, 2035, and would repeal them as of January 1, 2036. The bill would require the annual allocation described above to instead be no less than 15% of the moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund from revenues attributable to specified sources, would require the commission to make that allocation only until July 1, 2030, and would impose other specified requirements. The bill would also delete the requirements that the hydrogen-fueling stations be publicly available and that there be at least 100 hydrogen-fueling stations operating in the state.

Existing law creates the Enhanced Fleet Modernization Program to provide compensation for the retirement and replacement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. Existing law requires the Bureau of Automotive Repair to administer the program and the state board to adopt the guidelines for the program. Existing law requires the guidelines to ensure vehicle replacement or a mobility option be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired.

This bill would require the guidelines to ensure each replacement vehicle in the program be either a plug-in hybrid or zero-emission vehicle unless the state board makes a specified determination regarding either the availability of vehicles or the availability of charging and refueling capabilities in consultation with the Energy Commission, as specified.

Existing law establishes the Air Quality Improvement Program under the administration of the State Air Resources Board for the

purpose of funding air quality improvement projects relating to fuel and vehicle technologies. The primary purpose of the program is to fund projects to reduce criteria air pollutants, improve air quality, and provide funding for research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies.

This bill would instead provide that the purpose of the program is to fund air quality improvement projects relating to zero-emission fuel and vehicle technologies and that the primary purpose of the program is to fund projects to reduce criteria air pollutants in the logistics, goods movement, off-road, warehouse, and port sectors, improve air quality in nonattainment basins, with a priority for projects located in the areas of extreme nonattainment, and improve the air quality impacts of zero-emission transportation fuels and vehicles, vessels, and equipment technologies. The bill would also revise the list of the types of projects eligible for funding under the program.

Existing law establishes the Clean Transportation Program that is administered by the Energy Commission to provide financial assistance to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies with an emphasis on the development and deployment of technology and alternative and renewable fuels in the marketplace. Existing law authorizes the Energy Commission to make a single source or sole source award for applied research.

This bill would revise and recast the Clean Transportation Program to, among other things, change the emphasis of the program to the development and deployment of zero-emission technology and fuels in the marketplace where feasible and near-zero-emission technology and fuels elsewhere. The bill would require certain information regarding electric vehicle charging infrastructure and hydrogen-fueling infrastructure funded by the program to be reported to the Energy Commission. The bill would additionally authorize the Energy Commission to make a single source or sole source award to public or nonpublic entities that manage a United States Department of Energy national laboratory. The bill would require the Energy Commission, on and after January 1, 2025, to expend at least 50% of the moneys appropriated to the program on programs and projects that directly benefit or

serve residents of disadvantaged and low-income communities and low-income Californians. The bill would require the Energy Commission, for any hydrogen application scoring under the program, to provide preference to applicants with the least carbon-intensive proposed fuel, as specified.

The bill would also require the Energy Commission, by January 1, 2026, in consultation with the State Air Resources Board and the Department of Motor Vehicles, to propose to the Legislature alternative funding methodologies or fee structures for funding zero-emission vehicle infrastructure for light-, medium-, and heavy-duty vehicles. The bill would require the proposal to include an assessment of the economic equity of the alternatives.

Existing law requires the Energy Commission, in consultation with the Public Utilities Commission, to develop uptime recordkeeping and reporting standards for electric vehicle chargers and charging stations by January 1, 2024, that only apply to electric vehicle chargers and charging stations installed on or after January 1, 2024, and that received an incentive from a state agency or through a charge on ratepayers. Existing law authorizes the Energy Commission, in consultation with the Public Utilities Commission, to adopt tools to increase charging station uptime and to include incentives, as specified. Existing law repeals these provisions on January 1, 2035.

This bill would require the Energy Commission, by January 1, 2025, to set standards for how these stations shall notify customers about the availability and accessibility of publicly available charging infrastructure. This bill also would require, rather than authorize, the Energy Commission to adopt tools to increase charging station uptime.

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

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

SECTION 1. Section 43018.9 of the Health and Safety Code is amended to read:

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

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

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

(b) Notwithstanding any other law, the state board shall have no authority to enforce any element of its existing clean fuels outlet regulation or of any other regulation that requires or has the effect of requiring that any supplier, as defined in Section 7338 of the Revenue and Taxation Code as in effect on May 22, 2013, construct, operate, or provide funding for the construction or operation of any publicly available hydrogen-fueling station.

(c) On or before June 30, 2014, and every year thereafter, the state board shall aggregate and make available all of the following:

(1) The number of hydrogen-fueled vehicles that motor vehicle manufacturers project to be sold or leased over the next three years as reported to the state board pursuant to the Low Emission Vehicle regulations, as currently established in Sections 1961 to 1961.2, inclusive, of Title 13 of the California Code of Regulations.

(2) The total number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles through April 30.

(d) On or before June 30, 2014, and every year thereafter, the state board, based on the information made available pursuant to subdivision (c), shall do both of the following:

(1) Evaluate the need for additional hydrogen-fueling stations for the subsequent three years in terms of quantity of fuel needed for the actual and projected number of hydrogen-fueled vehicles, geographic areas where fuel will be needed, and station coverage.

(2) Report findings to the commission on the need for additional hydrogen-fueling stations in terms of number of stations, geographic areas where additional stations will be needed, and minimum operating standards, such as number of dispensers, filling protocols, and pressures.

(e) (1) The commission shall allocate no less than 15 percent annually of the moneys appropriated by the Legislature from the Alternative and Renewable Fuel and Vehicle Technology Fund, established pursuant to Section 44273, attributable to the fees deposited in the fund pursuant to Section 44060.5 of this code and Sections 9250.1 and 9261.1 of the Vehicle Code until July 1, 2030, under the Clean Transportation Program to fund hydrogen-fueling stations to support hydrogen vehicles until there is a sufficient network of hydrogen-fueling stations, which includes all types

available, in operation in California to support existing and expected hydrogen vehicles, that aligns with the state greenhouse gas reduction goals and plan pursuant to Sections 38561, 38562.2, and 38566, as determined by the commission, in consultation with the state board.

(2) Fifty percent of the allocated funds related to paragraph (1) shall be used to fund hydrogen-fueling stations that directly benefit or serve residents of low-income communities and disadvantaged communities as defined by CalEnviroScreen.

(3) If the commission, in consultation with the state board, determines that the full amount identified in paragraph (1) is not needed to fund the number of stations identified by the state board pursuant to subdivision (d), the commission may allocate any remaining moneys to other projects, subject to the requirements of the Clean Transportation Program pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(4) Allocations by the commission pursuant to this subdivision shall be subject to all of the requirements applicable to allocations from the Clean Transportation Program pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(5) (A) If the allocated annual funding identified in paragraph (1) is undersubscribed after a competitive grant funding opportunity has made the funding available, the commission may allocate any remaining moneys to other projects, subject to the requirements of the Clean Transportation Program pursuant to Article 2 (commencing with Section 44272) of Chapter 8.9.

(B) The commission shall release a competitive grant funding opportunity for annual funding identified in paragraph (1) at least annually and 90 days after the start of the fiscal year, unless the commission's executive director or the lead commissioner for transportation concludes based on substantial evidence in the record, including from party filings, that an alternative schedule for the release of a competitive grant funding opportunity is warranted. The commission shall endeavor to issue a notice of proposed awards to responsive applicants within six months of issuing a competitive grant funding opportunity, consistent with this section.

(6) The commission, in consultation with the state board, shall award moneys allocated in paragraph (1) based on best available data, including information made available pursuant to subdivision

(d), and input from relevant stakeholders, including motor vehicle manufacturers that have planned deployments of hydrogen-fueled vehicles, according to a strategy that supports the deployment of an effective and efficient hydrogen-fueling station network in a way that maximizes benefits to the public while minimizing costs to the state.

(7) Notwithstanding paragraph (1), once the commission determines, in consultation with the state board, that the private sector is establishing hydrogen-fueling stations without the need for government support, the commission may cease providing funding for those stations.

(8) On or before December 31, 2015, and annually thereafter, the commission and the state board shall jointly review and report on 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. The commission and the state board shall consider the following, including, but not limited to, the available plans of automobile manufacturers to deploy hydrogen-fueled vehicles in California and their progress toward achieving those plans, the rate of deployment of hydrogen-fueled vehicles, the length of time required to permit and construct hydrogen-fueling stations, the coverage, capacity, and public accessibility of the existing hydrogen-fueling station network, and the amount and timing of growth in the fueling network to ensure fuel is available to these vehicles. The review shall also determine the remaining cost and timing to establish a sufficient network of hydrogen-fueling stations and whether funding from the Clean Transportation Program remains necessary to achieve this goal.

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

(g) Funds appropriated to the commission for the purposes of this section shall be available for encumbrance by the commission for up to four years from the date of the appropriation and for

liquidation up to four years after expiration of the deadline to encumber.

(h) Notwithstanding any other law, the state board, in consultation with districts, no later than July 1, 2014, shall convene working groups to evaluate the policies and goals contained within the Carl Moyer Memorial Air Quality Standards Attainment Program, pursuant to Section 44280, and Assembly Bill 923 (Chapter 707 of the Statutes of 2004).

(i) This section shall become inoperative on July 1, 2035, and, as of January 1, 2036, is repealed.

SEC. 2. Section 44060.5 of the Health and Safety Code is amended to read:

44060.5. (a) Beginning July 1, 2008, the smog abatement fee described in subparagraph (A) or (C) of paragraph (1) of subdivision (d) of Section 44060 shall be increased by eight dollars (\$8).

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

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

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

(c) This section shall become inoperative on July 1, 2035, and, as of January 1, 2036, is repealed.

SEC. 3. Section 44125 of the Health and Safety Code is amended to read:

44125. (a) (1) No later than July 1, 2009, the state board, in consultation with the bureau, shall adopt a program to commence on January 1, 2010, that allows for the voluntary retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. The program shall be administered by the bureau pursuant to guidelines adopted by the state board.

(2) No later than July 1, 2019, the state board shall update the guidelines for the program established pursuant to this subdivision to make applicable to light-duty pickup trucks the same standard for miles per gallon that is applicable to minivans. This subdivision shall apply to only purchasers who are retiring a light-duty pickup truck.

(b) Beginning in the 2018–19 fiscal year, and every fiscal year thereafter, the state board, in consultation with the bureau, shall set specific, measurable goals for the retirement of passenger vehicles and light- and medium-duty trucks that are high polluters.

(c) (1) The state board, in consultation with the bureau, shall take steps to meet the goals set forth pursuant to subdivision (b). The steps shall include, but need not be limited to, updating the guidelines for both the program and Clean Cars 4 All no later than January 1, 2019.

(2) The program shall continue to be administered by the bureau pursuant to guidelines adopted by the state board.

(d) The guidelines shall ensure all of the following:

(1) Vehicles retired pursuant to the program are permanently removed from operation and retired at a dismantler under contract with the bureau.

(2) Districts retain their authority to administer vehicle retirement programs otherwise authorized by law.

(3) The program is available for high-polluter passenger vehicles and light-duty and medium-duty trucks that have been continuously registered in California for two years prior to acceptance into the program or otherwise proven to have been driven primarily in California for the last two years and have not been registered in another state or country in the last two years. The guidelines may require a vehicle to take, complete, or pass a smog check inspection.

(4) The program is focused where the greatest air quality impact can be identified.

(5) The program is focused on achieving improvements to air quality and benefits to low-income state residents through the retirement of high-polluter passenger motor vehicles owned by low-income state residents.

(6) (A) Compensation for retired vehicles is at least one thousand five hundred dollars (\$1,500) for a low-income motor vehicle owner and not more than one thousand dollars (\$1,000) for all other motor vehicle owners.

(B) Replacement or a mobility option may be an option for all motor vehicle owners and may be in addition to compensation for vehicles retired pursuant to subparagraph (A). For low-income motor vehicle owners, compensation toward a replacement vehicle or mobility option shall be no less than two thousand five hundred

dollars (\$2,500). Compensation toward a replacement vehicle for all other motor vehicle owners shall not exceed compensation for low-income motor vehicle owners.

(C) Compensation for either retired or replacement vehicles or a mobility option for low-income motor vehicle owners may be increased as necessary to maximize the air quality benefits of the program while also ensuring participation by low-income motor vehicle owners. Increases in compensation amounts may be based on factors, including, but not limited to, the age of the retired or replaced vehicle, the emissions benefits of the retired or replaced vehicle, the emissions impact of any replacement vehicle, participation by low-income motor vehicle owners, and the location of the vehicle in an area of the state with the poorest air quality.

(D) (i) Each replacement vehicle in the program shall be either a plug-in hybrid or zero-emission vehicle unless the state board determines, in consultation with the State Energy Resources Conservation and Development Commission, either of the following:

(I) Electric charging and refueling capabilities are inadequate for drivers whose homes are located in rural areas, multifamily housing, or other use cases deemed appropriate by the State Energy Resources Conservation and Development Commission.

(II) An adequate supply of affordable plug-in hybrid and zero-emission vehicles is not available in the new or secondary markets.

(ii) The state board may use the assessment prepared pursuant to Section 25229 of the Public Resources Code, and may consult with districts, to make the determination pursuant to clause (i).

(7) Cost-effectiveness and impacts on disadvantaged and low-income populations are considered. Program eligibility may be limited on the basis of income to ensure the program adequately serves persons of low or moderate income.

(8) Provisions coordinate the vehicle retirement and replacement and mobility option components of the program with the vehicle retirement component of the bureau's Consumer Assistance Program, established pursuant to other provisions of this chapter, and Clean Cars 4 All to ensure vehicle owners participate in the appropriate program to maximize participation and emissions reductions.

(9) If applicable, there is improved coordination, integration, and partnerships with other programs that target disadvantaged communities and receive moneys from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(10) Provisions enhance the prescreening of applicants to the program, if determined by the state board to be appropriate.

(11) Specific steps ensure the vehicle replacement and mobility option component of the program is available in areas designated as federal extreme nonattainment.

(12) A requirement that vehicles eligible for retirement have sufficient remaining life. Demonstration of sufficient remaining life may include proof of current registration, completing a recent smog check inspection, or completing another test similar to a smog check inspection.

SEC. 4. Section 44270.3 of the Health and Safety Code is amended to read:

44270.3. (a) For the purposes of this chapter, the following terms have the following meanings:

(1) “Benefit-cost score,” for the Clean Transportation Program created pursuant to Section 44272, means a project’s expected or potential greenhouse gas emissions reduction per dollar awarded by the commission to the project from the Alternative and Renewable Fuel and Vehicle Technology Fund.

(2) “California Native American tribe” means a Native American tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.

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

(4) “Full fuel-cycle assessment” or “life-cycle assessment” means evaluating and comparing the full environmental and health impacts of each step in the life cycle of a fuel, including, but not limited to, all of the following:

(A) Feedstock production, extraction, cultivation, transport, and storage, and the transportation and use of water and changes in land use and land cover therein.

(B) Fuel production, manufacture, distribution, marketing, transport, and storage, and the transportation and use of water therein.

(C) Vehicle operation, including refueling, combustion, conversion, permeation, and evaporation.

(5) “Tribal organization” means a corporation, association, or group controlled, sanctioned, or chartered by a California Native American tribe that is subject to its laws, the laws of the State of California, or the laws of the United States.

(6) “Vehicle technology” means any vehicle, boat, off-road equipment, or locomotive, or component thereof, including its engine, propulsion system, transmission, or construction materials.

(b) For purposes of the Air Quality Improvement Program created pursuant to Section 44274, the following terms have the following meanings:

(1) “Benefit-cost score” means the reasonably expected or potential criteria pollutant emission reductions achieved per dollar awarded by the board for the project.

(2) “Project” means a category of investments identified for potential funding by the board, including, but not limited to, competitive grants, revolving loans, loan guarantees, loans, vouchers, rebates, and other appropriate funding measures for specific vehicles, equipment, technologies, or initiatives authorized by Section 44274.

SEC. 5. Section 44271 of the Health and Safety Code is amended to read:

44271. (a) This chapter creates the Clean Transportation Program, pursuant to Section 44272, to be administered by the commission, and the Air Quality Improvement Program, pursuant to Section 44274, to be administered by the state board. The commission and the state board shall do all of the following in fulfilling their responsibilities pursuant to their respective programs:

(1) Establish sustainability goals to ensure that alternative and renewable fuel and vehicle deployment projects, on a full fuel-cycle assessment basis, will not adversely impact natural resources, especially state and federal lands.

(2) Establish a competitive process for the allocation of funds for projects funded pursuant to this chapter, which considers, among other factors, the benefit-cost score, as defined in subdivision (a) of Section 44270.3, associated with a project for the Clean Transportation Program or, as defined in paragraph (1) of subdivision (b) of Section 44270.3, associated with a project,

as defined in paragraph (2) of subdivision (b) of Section 44270.3, for the Air Quality Improvement Program.

(3) Identify additional federal and private funding opportunities to augment or complement the programs created pursuant to this chapter.

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

(5) Ensure that those revenues derived from fees imposed on motor vehicles that are expended pursuant to this chapter are expended in compliance with Section 3 of Article XIX of the California Constitution, as were the revenues derived from fees imposed on motor vehicles pursuant to Assembly Bill 118 (Chapter 750 of the Statutes of 2007).

(b) The state board, in consultation with the commission, shall develop and adopt guidelines for both the Clean Transportation Program and the Air Quality Improvement Program to ensure that programs meet both of the following requirements:

(1) Activities undertaken pursuant to the programs complement, and do not interfere with, efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant and greenhouse gas emissions.

(2) Activities undertaken pursuant to the programs maintain or improve upon emission reductions and air quality benefits in the State Implementation Plan for Ozone, California Phase 2 Reformulated Gasoline standards, and diesel fuel regulations.

(c) For the purposes of both of the programs created by this chapter, eligible projects do not include those required to be undertaken pursuant to state or federal law, district rules or regulations, memoranda of understanding with a governmental entity, or legally binding agreements or documents. For the purposes of the Clean Transportation Program, the state board shall advise the commission to ensure the requirements of this subdivision are met.

SEC. 6. Section 44272 of the Health and Safety Code is amended to read:

44272. (a) The Clean Transportation Program is hereby created. The program shall be administered by the commission. The commission shall implement the program by regulation pursuant to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of

Division 3 of Title 2 of the Government Code). The program shall provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, loans, or other appropriate funding measures to public agencies, California Native American tribes, tribal organizations, vehicle and technology entities, businesses and projects, public-private partnerships, workforce training partnerships and collaboratives, fleet owners, consumers, recreational boaters, and academic institutions to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. The emphasis of this program shall be to develop and deploy zero-emission technology and fuels in the marketplace where feasible and near-zero-emission technology and fuels elsewhere.

(b) The goals of the program shall be to advance the state's clean transportation, equity, air quality, and climate emission policies, including, but not limited to, any of the following:

- (1) Section 39719.2.
- (2) Section 39730.5.
- (3) Section 43024.2.
- (4) Section 44124.5.
- (5) Section 44391.2.
- (6) Section 25229 of the Public Resources Code.
- (7) Section 25327 of the Public Resources Code.
- (8) Section 14517 of the Government Code.

(c) On or after January 1, 2025, when developing the investment plan pursuant to Section 44272.5, the commission shall prioritize program investments into the following:

(1) Deployment of infrastructure and other projects that advance or support the deployment of medium- and heavy-duty vehicles to meet the clean transportation, equity, air quality, and climate emission goals described in subdivision (b).

(2) Deployment of light-duty vehicle infrastructure technology to fill deployment gaps identified pursuant to Sections 25229 and 25231 of the Public Resources Code and advance the goals identified in Executive Order No. N-79-20.

(d) On and after January 1, 2025, no less than 50 percent of investments expended pursuant to subdivision (a) shall be expended in accordance with Section 44272.1.

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

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

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

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

(f) The commission shall provide preferences to those projects that maximize the goals of the Clean Transportation Program, based on the following criteria, as applicable:

(1) The project's consistency with existing and future state climate change policy and low-carbon fuel standards.

(2) The project's ability to reduce greenhouse gas emissions, criteria air pollutants, and air toxics, and reduce or avoid multimedia environmental impacts.

(3) The project does not adversely impact the sustainability of the state's natural resources, especially state and federal lands.

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

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

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

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

(8) The project's ability to transition workers to, or promote employment in, zero-emission fuel and vehicle technology where

feasible and near-zero-emission fuel and vehicle technology elsewhere.

(9) The project is in a nonattainment area pursuant to the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.), and, if applicable, preference shall be given to projects in the highest designation of nonattainment.

(10) The project advances the comprehensive strategy for vehicles pursuant to Section 43024.2.

(g) The commission shall rank applications for projects proposed for funding awards based on solicitation criteria developed in accordance with subdivision (f), and shall give additional preference to funding those projects with higher benefit-cost scores.

(h) Only the following shall be eligible for funding:

(1) Zero-emission fuel projects where feasible and near-zero-emission fuel projects elsewhere to develop and improve zero-emission and near-zero-emission fuels, including electricity, renewable diesel, hydrogen, and biomethane, among others, and their feedstocks that have high potential for long-term or short-term commercialization, including projects that lead to sustainable feedstocks.

(2) Demonstration and deployment projects that optimize zero-emission fuels and infrastructure where feasible and near-zero-emission fuels and infrastructure elsewhere for existing and developing technologies.

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

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

(5) Zero-emission fuel infrastructure, fueling stations, and equipment where feasible and near-zero-emission fuel infrastructure, fueling stations, and equipment elsewhere.

(6) Projects to develop and improve light-, medium-, and heavy-duty vehicle technologies that provide for better fuel efficiency and lower greenhouse gas emissions, alternative fuel usage and storage, or emission reductions, including propulsion systems, lightweight materials, intelligent transportation systems, energy storage, control systems and system integration, physical measurement and metering systems and software, development of design standards and testing and certification protocols, battery

recycling and reuse, engine and fuel optimization electronic and electrified components, hybrid technology, plug-in hybrid technology, battery electric vehicle technology, fuel cell technology, and conversions of hybrid technology to plug-in technology through the installation of safety certified supplemental battery modules.

(7) Programs and projects that accelerate the commercialization of zero-emission vehicles, fuels, and infrastructure where feasible and near-zero-emission vehicles, fuels, and infrastructure elsewhere, including buy-down programs through near-market and market-path deployments, advanced technology warranty or replacement insurance, development of market niches, supply-chain development, and research related to the pedestrian safety impacts of vehicle technologies and alternative and renewable fuels.

(8) Programs and projects to retrofit medium- and heavy-duty on-road and nonroad vehicle fleets with zero-emission technologies where feasible and near-zero-emission technologies elsewhere that create higher fuel efficiencies, including alternative and renewable fuel vehicles and technologies, idle management technology, and aerodynamic retrofits that decrease fuel consumption.

(9) Infrastructure projects that promote zero-emission infrastructure development where feasible and near-zero-emission fuel infrastructure development elsewhere connected with existing fleets, public transit, and existing transportation corridors, including physical measurement or metering equipment and truck stop electrification.

(10) Workforce training programs related to the development and deployment of technologies that transform California's fuel and vehicle types and assist the state in implementing its climate change policies, including, but not limited to, zero-emission vehicles, technologies, fuels, and infrastructure where feasible and near-zero-emission vehicles, technologies, fuels, and infrastructure elsewhere; automotive computer systems; mass transit fleet conversion, servicing, and maintenance; and other sectors or occupations related to the purposes of this chapter, including training programs to transition dislocated workers affected by the state's greenhouse gas emission policies, including those from fossil fuel sectors, or training programs for low-skilled workers to enter or continue in a career pathway that leads to middle skill,

industry-recognized credentials or state-approved apprenticeship opportunities in occupations related to the purposes of this chapter.

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

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

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

(i) (1) The commission shall require the following data to be reported to the commission, consistent with paragraph (2), as a condition of accepting a grant issued pursuant to this section:

(A) For a hydrogen-refueling station grant recipient, the availability of operational fueling nozzles, whether hydrogen is available for refueling at that station, the volume of hydrogen-dispensed basis, the number of vehicles fueled by a station, and any other data deemed necessary by the commission to monitor reliability and accessibility of the refueling infrastructure.

(B) For an electric vehicle charging station grant recipient, the availability of operational charging plugs, whether the station was energized, the volume of electricity in kilowatt-hours used to charge by vehicles, the number of vehicles charged by a station, and any other data deemed necessary by the commission to monitor reliability and accessibility of the charging infrastructure.

(2) The commission shall require this data to be measured no less frequently than on a daily basis and reported electronically to the commission no less frequently than quarterly.

(j) (1) The commission may make a single source or sole source award pursuant to this section to either of the following:

(A) A public or nonpublic entity that manages a United States Department of Energy national laboratory.

(B) A public or nonpublic entity for an applied research project.

(2) The same requirements set forth in Section 25620.5 of the Public Resources Code shall apply to awards made on a single source basis or a sole source basis.

(k) (1) For purposes only of any hydrogen application scoring pursuant to this section, the commission shall provide preference to applicants with the least carbon-intensive proposed fuel, measured well-to-gate, consistent with the clean hydrogen federal tax credit created by Section 45V of Title 26 of the United States Code using the order of tiers created by the regulations adopted pursuant to that section to score hydrogen grant applications, upon the effective date of regulations issued by the United States Department of the Treasury for that tax credit.

(2) This scoring preference does not establish a new hydrogen standard and shall only be used to score applications submitted to the program established pursuant to this section.

(l) The commission shall require the awardees of funding pursuant to this section for any hydrogen-fueling infrastructure to provide to the commission the source and carbon intensity of the hydrogen produced for, or dispensed by, hydrogen-fueling stations, as measured by the methodology in the Low Carbon Fuel Standard regulation (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations).

(m) The commission shall require the awardees of funding pursuant to this section for any electric vehicle charging infrastructure to report to the commission the source and greenhouse gas emissions intensity, on an annual basis, of the electricity used and dispensed by electric vehicle charging stations at the meter, consistent with the disclosure methodology set forth in Article 14 (commencing with Section 398.1) of Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code.

(n) The commission may do all of the following:

(1) Contract with the Treasurer to expend funds through programs implemented by the Treasurer, if the expenditure is

consistent with all of the requirements of this article and Article 1 (commencing with Section 44270).

(2) Contract with small business financial development corporations established by the Governor's Office of Business and Economic Development to expend funds through the Small Business Loan Guarantee Program if the expenditure is consistent with all of the requirements of this article and Article 1 (commencing with Section 44270).

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

(A) A public entity.

(B) A nonpublic entity managing a United States Department of Energy national laboratory.

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

(D) An administrator of a block grant program.

(o) The commission shall collaborate with entities that have expertise in workforce development to implement the workforce development components of this section, including, but not limited to, the California Workforce Development Board, the Employment Training Panel, the Employment Development Department, and the Division of Apprenticeship Standards.

SEC. 7. Section 44272.1 is added to the Health and Safety Code, to read:

44272.1. (a) On and after January 1, 2025, the commission shall expend at least 50 percent of the moneys appropriated to the Clean Transportation Program on programs and projects that directly benefit or serve residents of disadvantaged and low-income communities and low-income Californians.

(b) Eligible programs and projects that meet the equity criteria described in subdivision (a) may include, but are not limited to, any of the following:

(1) Programs that fill gaps in the equitable distribution of light-duty charging infrastructure identified pursuant to Section 25231 of the Public Resources Code, including programs deploying charging or refueling stations at low-income residential and multiunit dwelling locations.

(2) Programs deploying publicly accessible or shared charging or refueling stations serving low-income customers who reside in

disadvantaged and low-income communities, including programs to promote zero-emission car sharing, zero-emission transit, or vanpooling in those communities.

(3) Infrastructure for public transportation and schoolbus electrification programs.

(4) Programs that support the deployment of clean medium- and heavy-duty vehicles, including infrastructure deployment and other programs to displace local air pollution that disproportionately burdens disadvantaged and low-income communities.

(5) Financing assistance and charging, or fueling incentives for customers residing in disadvantaged and low-income communities.

(6) Multilingual marketing, education, and outreach designed to increase awareness and adoption of clean mobility options.

(7) Programs that create high-quality jobs related to supporting new clean technologies in transportation and reduce household energy burdens related to vehicle charging.

(c) The commission shall consult with the disadvantaged community advisory group established pursuant to Section 400 of the Public Utilities Code and the advisory body created pursuant to Section 44272.5 to ensure that this section is effectively implemented.

SEC. 8. Section 44272.4 of the Health and Safety Code is repealed.

SEC. 9. Section 44272.6 is added to the Health and Safety Code, to read:

44272.6. By January 1, 2026, the State Energy Resources Conservation and Development Commission, in consultation with the State Air Resources Board and the Department of Motor Vehicles, shall propose to the Legislature alternative funding methodologies or fee structures for funding zero-emission vehicle infrastructure for light-, medium-, and heavy-duty vehicles. The proposal shall include an assessment of the economic equity of the alternatives.

SEC. 10. Section 44274 of the Health and Safety Code is amended to read:

44274. (a) The Air Quality Improvement Program is hereby created. The program shall be administered by the state board, in consultation with the districts. The state board shall develop guidelines to implement the program. Prior to the adoption of the

guidelines, the state board shall hold at least one public hearing. In addition, the state board shall hold at least three public workshops with at least one workshop in northern California, one in the central valley, and one in southern California. The purpose of the program shall be to fund, upon appropriation by the Legislature, air quality improvement projects relating to zero-emission fuel and vehicle technologies. The primary purpose of the program shall be to fund projects to reduce criteria air pollutants in the logistics, goods movement, off-road, warehouse, and port sectors, improve air quality in nonattainment basins, with a priority for projects located in the areas of extreme nonattainment, and improve the air quality impacts of zero-emission transportation fuels and vehicles, vessels, and equipment technologies.

(b) The state board shall provide preference in awarding funding to projects with higher benefit-cost scores that maximize the purposes and goals of the Air Quality Improvement Program. The state board may give additional preference based on the following criteria, as applicable, in funding awards to projects:

(1) Proposed or potential reduction of criteria or toxic air pollutants.

(2) Contribution to regional air quality improvement.

(3) Ability to promote the use of clean alternative fuels and vehicle technologies as determined by the state board, in coordination with the commission.

(4) Ability to achieve climate change benefits in addition to criteria pollutant or air toxic emissions reductions.

(5) Ability to support market transformation of California's vehicle or equipment fleet to utilize zero-emission technologies.

(6) Ability to leverage private capital investments.

(c) The program shall be limited to competitive grants, revolving loans, loan guarantees, loans, and other appropriate funding measures that further the purposes of the program. Projects to be funded shall include only the following:

(1) On-road and off-road equipment projects that are cost effective.

(2) Projects that provide mitigation for off-road gasoline exhaust and evaporative emissions.

(3) Incentives for small off-road equipment replacement to encourage consumers to replace internal combustion engine lawn and garden equipment.

(4) Incentives for medium- and heavy-duty vehicles and equipment mitigation, including all of the following:

- (A) Lower emission schoolbus programs.
- (B) Electric, hybrid, and plug-in hybrid on-road and off-road medium- and heavy-duty equipment.
- (C) Regional air quality improvement and attainment programs implemented by the state or districts in the most impacted regions of the state.
- (D) Precommercial demonstrations of advanced vehicles, engines, equipment, and transportation systems.

(5) Workforce training initiatives related to advanced energy technology designed to reduce air pollution, including state-of-the-art equipment and goods, and new processes and systems. Workforce training initiatives funded shall be broad-based partnerships that leverage other public and private job training programs and resources. These partnerships may include, though are not limited to, employers, labor unions, labor-management partnerships, community organizations, workforce investment boards, postsecondary education providers including community colleges, and economic development agencies.

(6) Incentives to identify and reduce emissions from high-emitting light-duty vehicles.

(d) (1) Beginning January 1, 2011, the state board shall submit to the Legislature a biennial report to evaluate the implementation of the Air Quality Improvement Program established pursuant to this chapter.

(2) The report shall include all of the following:

(A) A list of projects funded by the Air Quality Improvement Account.

(B) The expected benefits of the projects in promoting clean, alternative fuels and vehicle technologies.

(C) Improvement in air quality and public health, greenhouse gas emissions reductions, and the progress made toward achieving these benefits.

(D) The impact of the projects in making progress toward attainment of state and federal air quality standards.

(E) Recommendations for future actions.

(3) The state board may include the information required to be reported pursuant to paragraph (1) in an existing report to the Legislature as the state board deems appropriate. The state board

may also include in an existing report the description of how grant, loan, voucher, or other incentive projects that receive moneys from the Air Quality Improvement Fund are implementing the labor standards required by Chapter 3.6 (commencing with Section 39680) of Part 2, as applicable.

(e) Projects using grants, loans, vouchers, or other incentives funded in part or whole by the Air Quality Improvement Fund shall be conditioned on the requirements of Chapter 3.6 (commencing with Section 39680) of Part 2, as applicable.

SEC. 11. Section 25231.5 of the Public Resources Code is amended to read:

25231.5. (a) (1) The commission, in consultation with the Public Utilities Commission, shall develop uptime recordkeeping and reporting standards for electric vehicle chargers and charging stations by January 1, 2024.

(2) The uptime recordkeeping and reporting standards shall do all of the following:

(A) Only apply to electric vehicle chargers and charging stations that received an incentive from a state agency or through a charge on ratepayers.

(B) Apply for a minimum of six years unless the commission decides a longer time span is more appropriate.

(C) Apply to electric vehicle chargers and charging stations installed on or after January 1, 2024.

(3) (A) The commission shall define “uptime” through a public workshop process and apply it to each electric vehicle charger and charging station and create a formula to calculate uptime to provide consistent, standardized reporting of information at least annually.

(B) When defining “uptime,” the commission shall do both of the following:

(i) Include the operability of both software and hardware.

(ii) Consider federal definitions to ensure consistency between standards.

(C) The commission shall determine what events that make a charging station inoperable constitute excluded time for purposes of developing the formula. In making this determination, the commission and Public Utilities Commission shall only consider events that are outside a charging station operator’s control. This may include issues related to the electrical grid, WiFi connectivity,

cellular connectivity, and vandalism, as defined by the commission through a public workshop process.

(b) (1) The commission may consider additional reliability metrics, including, but not limited to, success rate to initiate a charging session, customer satisfaction, and the number, nature, or length of events that interrupt service.

(2) The commission, in consultation with the Public Utilities Commission, shall hold a public workshop to discuss and identify industry best practices and charger technology capabilities that are demonstrated to increase reliability. As a result of this workshop, the commission may incorporate these best practices and capabilities into its uptime recordkeeping and reporting standards.

(3) Uptime recordkeeping and reporting standards may vary by technology type, power levels, number of chargers per site, and site ownership. Factors may include whether chargers are networked, whether chargers are Level 1, Level 2, or direct current fast chargers, and whether chargers are all-inclusive mobile solar charging stations.

(4) Uptime recordkeeping and reporting standards shall not apply to charging stations installed at residential real property containing four or fewer dwelling units.

(5) The funding entity shall clearly disclose these reporting requirements to the funding recipient. If the funding recipient is an electric vehicle service provider or other third-party entity that is not the site host, the electric vehicle service provider or third-party entity shall provide a separate disclosure to the site host about the site host's right to designate the service provider or third-party as the entity to report the data on behalf of the site host. The funding recipient shall verify receipt by signing the disclosure, to be confirmed by the funding entity.

(c) (1) Beginning January 1, 2025, the commission shall assess the uptime of charging station infrastructure, including, at a minimum, an assessment of equitable access to reliable charging stations in low-, moderate- and high-income communities.

(2) The commission shall update the assessment performed pursuant to this subdivision every two years.

(3) An individual or company supplying information or data to the commission pursuant to this section may request that the information or data be held in confidence by the commission pursuant to Section 25322.

(d) (1) The commission, in consultation with the Public Utilities Commission, shall adopt tools to increase charging station uptime, including, but not limited to, uptime requirements, operation and maintenance requirements, and may include incentives, including operation and maintenance incentives.

(2) By January 1, 2025, the commission shall set standards for how stations subject to this section shall notify customers about the availability and accessibility of publicly available charging infrastructure.

(e) This section does not prohibit or limit the commission's or other state agencies' ability under any other law, including, but not limited to, the authority to include reporting or reliability requirements as a condition of grants or other agreements or to adopt other charging station reporting standards.

(f) Nothing in this section shall be construed to grant the commission an exemption from the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(g) This section shall remain in effect only until January 1, 2035, and as of that date is repealed.

SEC. 12. Section 9250.1 of the Vehicle Code is amended to read:

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

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

(c) This section shall become inoperative on July 1, 2035, and, as of January 1, 2036, is repealed.

SEC. 13. Section 9261.1 of the Vehicle Code is amended to read:

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

(b) Two dollars and fifty cents (\$2.50) of the increase shall be deposited into the Alternative and Renewable Fuel and Vehicle Technology Fund created by Section 44273 of the Health and

Safety Code, and two dollars and fifty cents (\$2.50) shall be deposited into the Air Quality Improvement Fund created by Section 44274.5 of the Health and Safety Code.

(c) This section shall become inoperative on July 1, 2035, and, as of January 1, 2036, is repealed.

SEC. 14. It is the intent of the Legislature that the State Energy Resources Conservation and Development Commission shall not apply any new reporting requirement established in Section 44272 of the Health and Safety Code by Assembly Bill No. 126 of the 2023–24 Regular Session retroactively to a grant awarded under the Clean Transportation Program before Assembly Bill No. 126 of the 2023–24 Regular Session takes effect.

SEC. 15. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure stable funding for programs reducing air pollution and for the protection of the public health and safety from air pollution as soon as possible, it is necessary for this act to take effect immediately.

Approved _____, 2023

Governor