

AMENDED IN SENATE APRIL 10, 2007

SENATE BILL

No. 494

Introduced by Senators Kehoe and Perata

February 22, 2007

An act to add Article 8 (commencing with Section 43900) to Chapter 4 of Part 5 of Division 26 of the Health and Safety Code, relating to vehicular air pollution control.

LEGISLATIVE COUNSEL'S DIGEST

SB 494, as amended, Kehoe. Vehicular air pollution control: clean alternative fuels.

(1) Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law requires the state board to establish, by regulation, various standards for gasoline and motor vehicle fuel.

Existing law requires that, not later than June 30, 2007, the State Energy Resources Conservation and Development Commission, in partnership with the state board, and in consultation with specified state agencies, develop and adopt a state plan to increase the use of alternative fuels, as defined.

This bill would require the state board, by June 30, 2009, in partnership with the State Energy Resources Conservation and Development Commission, and in consultation with the State Water Resources Control Board, the Department of Food and Agriculture, and other relevant state agencies, to develop and adopt regulations that would become operative no later than January 1, 2010, that will ensure

that commencing January 1, 2015, an unspecified percentage of new passenger vehicles and light-duty trucks sold in California each year are clean alternative vehicles, as defined, and that commencing January 1, 2020, ½ of new passenger vehicles and light-duty trucks sold in California each year are clean alternative vehicles. The bill would require the state board to submit a report to the Legislature on the progress passenger vehicle and light-duty truck manufacturers have made in meeting these requirements, the progress the state has made in increasing the use of alternative fuels and reducing the state’s dependence on imported petroleum and petroleum fuels, and any improvements in public health and the environment attributable to the use of clean alternative fuels, as specified.

(2) Existing law generally provides that a violation of various laws, rules, and regulations relating to air pollution is a crime.

Because the bill would require the state board to adopt regulations the violation of which would be a crime, the bill would impose a state-mandated local program by creating a new crime.

(3) 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. State-mandated local program: yes.

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

1 SECTION 1. Article 8 (commencing with Section 43900) is
2 added to Chapter 4 of Part 5 of Division 26 of the Health and Safety
3 Code, to read:

4
5 Article 8. Clean Alternative Fuel and Clean Vehicle Act of
6 2007

7
8 43900. The Legislature finds and declares all of the following:

9 (a) The production, marketing, and use of petroleum fuels in
10 the state causes significant degradation of public health and
11 environmental quality due to the release of air pollution, including
12 emissions of greenhouse gases and water pollutants.

1 (b) Petroleum fuels account for more than 96 percent of
2 California’s transportation fuel use and 41 percent of the state’s
3 emissions of greenhouse gases.

4 (c) California’s refineries currently import nearly 60 percent of
5 their petroleum. California’s crude oil imports in 2004 were nearly
6 400 million barrels and, in the absence of any new state policy
7 initiatives, would increase to more than 450 million barrels by
8 2015, and more than 500 million barrels by 2025.

9 (d) California’s refineries provide for the transportation fuel
10 needs of Nevada, Arizona, Oregon, and the State of Baja California,
11 and fuel demand is growing in these regions.

12 (e) Continued instability in global oil supplies and rapidly
13 increasing demand in China, India, and throughout the world are
14 likely to increase California’s vulnerability to oil supply disruptions
15 and sudden price increases.

16 (f) California’s petroleum import and refinery infrastructure
17 faces significant challenges including the inherent conflict between
18 the need to expand importation, refinery, and storage facilities to
19 meet transportation fuel demands and the environmental and social
20 concerns of local communities affected by these proposed
21 expansions.

22 (g) Unless the state’s rapid rate of growth in oil consumption
23 and rising levels of consumption of imported oil and petroleum
24 products are stabilized and gradually reduced, California is likely
25 to continue to experience price spikes and supply disruptions,
26 which will harm the state’s economy and business climate.

27 (h) The Energy Action Plan II, adopted by the Public Utilities
28 Commission and the State Energy Resources Conservation and
29 Development Commission (Energy Commission), includes a
30 loading order that describes the priority sequence for actions to
31 address the state’s increasing electricity needs. Increasing
32 efficiency and renewable energy resources are top priorities in
33 California’s electricity loading order policy, and the state should
34 extend these priorities to California’s transportation sector by
35 reducing demand for petroleum fuels by increasing the use of
36 alternative fuels.

37 (i) The state must vigorously pursue strategies to increase
38 transportation efficiency, including increasing the number of hybrid
39 electric and plug-in hybrid electric vehicles, and accelerating the
40 development and availability of alternative fuels in order that the

1 full potential of any air quality and petroleum replacement benefits
2 can be realized.

3 (j) Research, development, and commercialization of alternative
4 fuels in the state have the potential to strengthen the state's
5 economy by providing job growth and helping to reduce the state's
6 vulnerability to petroleum price volatility. These activities will
7 also maintain the tradition of California leading the way in the
8 utilization of innovative motor vehicle technologies at the cutting
9 edge of implementation.

10 (k) Reducing petroleum use is technically feasible and
11 economically justifiable, because the Energy Commission and the
12 State Air Resources Control Board (state board) have previously
13 recommended, in their August 2003 report to the Legislature,
14 "Reducing California's Petroleum Dependency," that the state
15 adopt a goal of 20 percent nonpetroleum fuel use by 2020, and 30
16 percent use by 2030.

17 (l) Increasing the use of alternative fuels is one of the
18 technologically feasible and economically justifiable strategies
19 that can help to reduce the state's use of petroleum.

20 (m) The Energy Commission, in partnership with the state board,
21 and in consultation with the State Water Resources Control Board,
22 the Department of Food and Agriculture, and other relevant state
23 agencies has been directed to prepare a report due not later than
24 June 30, 2007, to be used in developing and adopting a state plan
25 to increase the use of alternative fuels.

26 (n) The Governor has directed that the state reduce the average
27 carbon content of the transportation fuel it uses by 10 percent by
28 2020.

29 (o) The Secretary of the California Environmental Protection
30 Agency has been directed to coordinate research activities between
31 the University of California, the California Energy Commission,
32 and other agencies as required, to develop and propose by June
33 30, 2007, a draft compliance schedule to meet the "2020 Target"
34 set by the Governor.

35 (p) The increased use of alternative fuels can help the state to
36 meet and even exceed its "2020 Target" for reducing the average
37 carbon content of the transportation fuel it uses, and help it to
38 further achieve its greenhouse gas reduction goals pursuant to the
39 California Global Warming Solutions Act of 2006 (Division 25.5
40 (commencing with Section 38500) of the Health and Safety Code).

1 (q) A major challenge for increasing the use of alternative fuels
2 in California is both the lack of an integrated alternative fuel
3 infrastructure sufficient to provide reliable fuel supplies to
4 California consumers, and an insufficient number of alternative
5 fuel vehicles necessary to facilitate the development of a healthy
6 and robust alternative fuels market in the state.

7 43901. This article shall be known, and may be cited, as the
8 Clean Alternative Fuel and Clean Vehicle Act of 2007.

9 43902. (a) For the purposes of this article, “clean alternative
10 fuel” means a ~~fuel~~ *nonpetroleum fuel including electricity,*
11 *hydrogen, natural gas, or other fuel derived from renewable*
12 *resources* that, on a full fuel-cycle and energy equivalent basis,
13 does not increase the emissions of greenhouse gases, toxic air
14 contaminants, criteria air pollutants, water pollutants, or any other
15 substances known to damage human health or the environment,
16 in comparison to the production and use of a ~~petroleum derived~~
17 ~~fuel, and that is either of the following:~~ *petroleum derived fuel.*

18 ~~(1) “Alternative fuel” as defined in subdivision (a) of Section~~
19 ~~43867.~~

20 ~~(2) Any other fuel derived from renewable resources.~~

21 (b) ~~“Clean alternative fuel” only includes petroleum fuel may~~
22 ~~also include petroleum blended fuel if that fuel is~~ blended with
23 more than 50 percent nonpetroleum constituents derived from
24 renewable resources, if the fuel achieves either of the following:

25 (1) Maintains or improves upon emissions reductions and air
26 quality benefits achieved by the California Phase 2 Reformulated
27 Gasoline Program as of January 1, 1999, including emissions
28 reductions for all pollutants and precursors identified in the State
29 Implementation Plan for ozone, and emissions of potency weighted
30 toxics compounds and particulate matter.

31 (2) Maintains or improves upon the emissions reductions and
32 air quality benefits achieved by the California diesel fuel
33 regulations in Article 2 (commencing with Section 2280) of
34 Chapter 5 of Division 3 of Title 13 of the California Code of
35 Regulations.

36 (c) For the purposes of this article, “clean alternative vehicle”
37 means any new passenger vehicle or light-duty truck certified by
38 the state board to run on a clean alternative fuel. Clean alternative
39 vehicles include, but are not limited to, the following:

40 (1) Hybrid vehicles.

1 (2) Plug-in electric hybrid vehicles with a minimum of 20 miles
2 all electric range or that meet minimum specifications established
3 by the state board.

4 (3) Flexible fuel vehicles (FFVs).

5 (4) Compressed natural gas (CNG) vehicles.

6 (5) Liquid propane gas (LPG) vehicles.

7 (6) Hydrogen fuel cell vehicles (HFCVs).

8 43903. (a) The state board, in partnership with the State Energy
9 Resources Conservation and Development Commission, and in
10 consultation with the State Water Resources Control Board, the
11 Department of Food and Agriculture, and other relevant state
12 agencies shall develop, and by June 30, 2009, adopt, regulations
13 that shall become operative no later than January 1, 2010, that will
14 ensure both the following:

15 (1) Commencing January 1, 2015, ___ percent of new passenger
16 vehicles and light-duty trucks sold in California are clean
17 alternative vehicles.

18 (2) Commencing January 1, 2020, one-half of new passenger
19 vehicles and light-duty trucks sold in California are clean
20 alternative vehicles.

21 (b) In developing these regulations, the state board shall do all
22 of the following:

23 (1) Consider the technological and economic feasibility of the
24 regulations.

25 (2) Develop and enforce compliance options for eligible clean
26 alternative vehicles.

27 (3) Ensure, to the extent technologically and economically
28 feasible, that a clean alternative fuel is made available statewide
29 at retail outlets whenever the state board determines that a sufficient
30 number of motor vehicles certified by the state board to run on
31 that fuel has been reached.

32 (c) The regulations adopted pursuant to this section shall apply
33 only to a motor vehicle manufactured after December 31, 2010.

34 (d) No later than January 1, 2014, and every four years
35 thereafter, the state board shall submit a report to the Legislature,
36 produced in partnership with the State Energy Resources
37 Conservation and Development Commission, and in consultation
38 with the State Water Resources Control Board, the Department of
39 Food and Agriculture, and other relevant state agencies, detailing
40 an assessment of the progress passenger vehicle and light-duty

1 truck manufacturers have made towards meeting the requirements
2 of subdivision (a), the progress the state has made in increasing
3 the use of alternative fuels and reducing the state's dependence on
4 imported petroleum and petroleum fuels, and any improvements
5 in public health and the environment attributable to the use of clean
6 alternative fuels. The assessment shall take into account the state
7 plan specified in Section 43866.

8 ~~(e) If the Department of Finance, in consultation with the State~~
9 ~~Board of Equalization, determines that there is a decline in~~
10 ~~petroleum fuel tax revenue that has occurred as a direct result of~~
11 ~~reduced petroleum fuel consumption achieved pursuant to the act~~
12 ~~adding this section, the Department of Finance, in consultation~~
13 ~~with the commission, the State Air Resources Board, State Energy~~
14 ~~Resources Conservation and Development Commission, and the~~
15 ~~Department of Transportation, shall develop alternative revenue~~
16 ~~recommendations to compensate for that decline in revenue, and~~
17 ~~submit those recommendations to the Legislative Analyst's Office~~
18 ~~and the appropriate budget, fiscal, and policy committees of the~~
19 ~~Legislature.~~

20 *(e) Commencing on January 1, 2014, and by January 1 of each*
21 *even numbered year thereafter, the Department of Finance, in*
22 *consultation with the State Board of Equalization, the state board,*
23 *the State Energy Resources Conservation and Development*
24 *Commission, and the California Transportation Commission, shall*
25 *determine if a decline in petroleum fuel tax revenue has occurred*
26 *as a direct result of the use of clean alternative fuels, and submit*
27 *recommendations within the following year to the Legislative*
28 *Analyst and to the appropriate budget, fiscal, and policy*
29 *committees of the Legislature, on alternatives to compensate for*
30 *any decline in revenue.*

31 SEC. 2. No reimbursement is required by this act pursuant to
32 Section 6 of Article XIII B of the California Constitution because
33 the only costs that may be incurred by a local agency or school
34 district will be incurred because this act creates a new crime or
35 infraction, eliminates a crime or infraction, or changes the penalty
36 for a crime or infraction, within the meaning of Section 17556 of
37 the Government Code, or changes the definition of a crime within

- 1 the meaning of Section 6 of Article XIII B of the California
- 2 Constitution.

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