

Date of Hearing: April 26, 2017

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW

Susan Talamantes Eggman, Chair
AB 739 (Chau) – As Amended April 17, 2017

SUBJECT: State vehicle fleet: purchases

SUMMARY: Requires at least 15% of specified heavy-duty (HD) vehicles purchased by state agencies to be zero-emission (ZEV) by 2025 and at least 30% of those vehicles to be ZEV by 2030. Specifically, **this bill:**

- 1) Mandates that at least 15% of vehicles with a gross vehicle weight rating (GVWR) of 19,000 pounds or more purchased by state agencies must be ZEV by December 31, 2025, and at least 30% of those vehicles must be ZEV by December 31, 2030.
- 2) Exempts vehicles that have special performance requirements necessary for the protection of public safety, as defined by the Department of General Services (DGS), from this bill.

EXISTING LAW:

- 1) Requires, through Executive Order B-16-2012, 10% of state light-duty fleet purchases to be ZEVs by 2015 and 25% to be ZEVs by 2020.
- 2) Establishes the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), administered by the California Air Resources Board, to provide vouchers to help California fleet owners purchase hybrid and ZEV trucks and buses.

FISCAL EFFECT: Unknown

COMMENTS: This bill establishes phased-in targets for incorporating more ZEVs into the state's HD fleet. ZEVs include plug-in electric vehicles and hydrogen fuel cell electric vehicles. The author states that this bill "will help create jobs and a market that fosters heavy-duty ZEV development, provide for more fuel efficient vehicles, help the State meet its greenhouse gas emissions reduction goals, and ensure the State is doing its part to meet those goals."

DGS reports that, currently, 38% of the state's vehicle fleet is comprised of HD vehicles. DGS considers any vehicle with a GVWR of 8,500 pounds to be HD. This bill would apply a phased-in state fleet mandate of 15% HD ZEVs by 2025 and 30% by 2030 to vehicles with a GVWR of at least 19,000 pounds. Examples of these types of vehicles include various delivery and storage trucks, buses, garbage trucks, and cement or dump trucks.

Current ZEV mandates apply to the state's light duty fleet. Executive Order B-16-2012 requires 10% of state light-duty fleet purchases to be ZEVs by 2015, climbing to 25% by 2020. DGS notes that the state has met the 15% ZEV purchasing goal in both fiscal years 2014-15 and 2015-16 at about 15% and 21%, respectively.

In October 2016, DGS took action to increase the annual ZEV light duty purchasing mandate by 5% beginning in 2017-18. The implementation of this policy is intended to allow departments to slowly ramp up to the 25% goal. DGS indicates that with this incremental ramp up approach

and the anticipated availability of plug-in electric sport utility vehicles and vans in 2017 or 2018, the state is expected to be able to meet the 25% ZEV goal in 2020.

Currently, no mandates are in place for HD ZEVs, which this bill seeks to address. However, in June 2016, DGS reports that it executed statewide contracts for HD ZEV trucks for state entities to purchase. To date, no state departments have utilized these contracts due to the high cost and limited mileage range and battery life associated with these vehicles. DGS estimates these ZEVs range in price from \$165,000 to \$254,000 per vehicle, compared to costs ranging from \$41,000 to \$81,000 for a conventional HD. These factors could make it potentially cost prohibitive and operationally difficult for state entities to purchase these types of ZEVs, even with the pricing offset by HVIP vouchers.

The statewide ZEV Action Plan identifies specific actions for state government to take to build the state's ZEV market. It recognizes that "advancing the full range of electric-drive technologies rather than concentrating on one particular technology provides the state with the greatest opportunity to meet its ZEV goals" and the intent of this bill appears to be in line with that.

Supporters of this bill, representing various environmental groups and a HD ZEV manufacturer, state that this bill continues the state's efforts to reduce greenhouse gas emissions and will help support and create jobs in the state's growing ZEV manufacturing sector.

Opponents from various near-zero industry groups object to this bill unless it is amended to include near-zero HD vehicles and a specified technical review every five years.

RELATED LEGISLATION: SB 498 (Skinner) requires the state Air Resources Board to adopt ZEV targets for vehicle fleets and requires DGS to meet a 50% ZEV target for the state's light-duty vehicle fleet by 2024-25. This measure is pending in the Senate Appropriations Committee.

PROPOSED AMENDMENT: The author will be presenting the following amendment at the hearing to provide DGS with flexibility to cease implementing this bill if it determines that it cannot meet the specified targets:

On page 2, after line 13, insert:

(c) If the Department of General Services determines that it cannot meet the needs of the state while fulfilling the requirements of this section, the department shall hold a public hearing to make and disclose that finding, notify the Legislature of the finding, and cease to implement this section.

This language is modeled after a similar provision contained in SB 498.

REGISTERED SUPPORT / OPPOSITION:

Support

American Lung Association in California
BYD America
California Electric Transportation Coalition

California Environmental Justice Alliance
Coalition for Clean Air
Sierra Club California
Union of Concerned Scientists

Opposition

Bioenergy Association of California
California Natural Gas Vehicle Coalition
Clean Energy
Coalition for Renewable Natural Gas
Los Angeles Area Chamber of Commerce
Natural Gas Vehicles for America
North American Renewable Natural Gas Industry

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