

Date of Hearing: July 12, 2017

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW

Susan Talamantes Eggman, Chair
SB 498 (Skinner) – As Amended July 6, 2017

SENATE VOTE: 27-13

SUBJECT: Vehicle fleets: zero-emission vehicles

SUMMARY: Directs the Department of General Services (DGS) to ensure that at least 50% of the state's light-duty (LD) vehicle fleet purchases each fiscal year (FY) are zero-emission vehicles (ZEVs), beginning no later than the 2024-25 FY, and requires the Air Resources Board (ARB) to review its ZEV programs and make specified recommendations to the Legislature by July 1, 2019. Specifically, **this bill:**

- 1) Requires DGS to ensure, by the 2024-25 FY, that 50% of the LD vehicles purchased for the state fleet each FY consist of ZEVs, excluding vehicles with special performance requirements needed for the protection of public safety.
- 2) Allows DGS to cease implementing the 50% ZEV purchase mandate in this bill after holding a public hearing and making a finding that implementing the mandate prevents DGS from meeting the needs of the state.
- 3) Authorizes the finding required above to be based upon a determination by DGS that compliance would result in costs that are not substantially absorbable when purchasing LD ZEV vehicles.
- 4) Directs ARB, in consultation with specified transportation-related stakeholders, to review all of ARB's ZEV programs for certain information and provide policy recommendations to the Legislature by July 1, 2019, for increasing use of ZEVs in the state.
- 5) Requires ARB to hold a public hearing at least 30 days before the policy recommendations are submitted to the Legislature and permits ARB to modify the recommendations in response to comments received.
- 6) Defines a "vehicle fleet" as 10 or more vehicles under common ownership or operation for purposes of this bill.
- 7) Makes various findings and declarations relating to ZEVs.

EXISTING LAW:

- 1) Requires, through Executive Order B-16-2012, 10% of state LD fleet purchases to be ZEVs by 2015 and 25% to be ZEVs by 2020.
- 2) Establishes the Charge Ahead Initiative pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, that sets a target of placing one million ZEVs and near-ZEVs on California roadways by January 1, 2023.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- 1) ARB staff costs of approximately \$164,000 in both 2017-18 and 2018-19 to establish a stakeholder process, review ZEV-related programs, develop specified policy recommendations, solicit public comments, and report to the Legislature. There could be additional one-time costs of up to \$250,000 to contract with state, local, federal, and private entities to obtain data and conduct a full review of all programs in the state. (Air Pollution Control Fund, Motor Vehicle Account)
- 2) Significant cost pressures of approximately \$10 million annually. DGS indicates that costs to comply with this bill's ZEV fleet vehicle purchase requirements would be approximately \$51.7 million over the next five years, including both vehicle (approximately \$21.7 million) and charging infrastructure (approximately \$30 million) purchases, to the extent state agencies would not have otherwise absorbed these costs in the absence of the bill, and DGS does not "opt-out" of the requirement, as specified. (General Fund and various Special Funds, depending on the agency) There would be additional cost pressures beyond the projected five-year period, potentially over \$10 million annually, to the extent the 50% ZEV purchase mandate could be achieved.

COMMENTS: This bill establishes a 50% ZEV purchasing goal for the state's LD fleet by FY 2024-25 and requires ARB to review its ZEV programs and provide recommendations related to increasing statewide ZEV usage to the Legislature by July 1, 2019. According to the author, this bill is intended to "set state goals for fleet turnover into cleaner technologies."

Current ZEV mandates for the state's LD fleet were established through executive order. Specifically, Executive Order B-16-2012 requires DGS to ensure that ZEVs comprise at least 10% of state LD fleet purchases by 2015 and at least 25% by 2020. DGS reports that the state has met the ZEV purchasing goal in both the 2014-15 and 2015-16 FYs at about 15% and 21%, respectively.

In October 2016, DGS took action to increase the ZEV LD 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 by 2020. DGS indicates that, with this incremental ramp up approach and the anticipated availability of plug-in electric SUVs and vans in 2017 or 2018, the state is expected to be able to meet the 25% ZEV goal in 2020.

Based on its projections, DGS notes that it most likely will not be able to meet the 50% ZEV purchasing mandate set in this bill by FY 2024-25 unless new technology and products come on the market for LD trucks, vans, and SUVs, which make up 60% of the state fleet. To address these concerns, this bill provides DGS with flexibility to cease implementation if it determines that fulfilling the mandate would result in costs that are not substantially absorbable by DGS when purchasing these vehicles.

RELATED LEGISLATION: AB 739 (Chau) requires at least 15% of specified heavy-duty vehicles purchased by state agencies to be ZEV by 2025 and at least 30% of those vehicles to be ZEV by 2030. AB 739 is pending in the Senate Governmental Organization Committee.

DOUBLE REFERRAL: This measure was previously heard in the Assembly Transportation Committee on June 27, 2017, with a vote of 11-3.

REGISTERED SUPPORT / OPPOSITION:

Support

NextGen (sponsor)
American Lung Association in California
CALSTART
Coalition for Clean Air
Environment California
Lutheran Office of Public Policy, California
Natural Resources Defense Council
Plug In America
Southern California Edison
Voices for Progress

Opposition

None on file.

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