

Date of Hearing: April 19, 2023

ASSEMBLY COMMITTEE ON ACCOUNTABILITY AND ADMINISTRATIVE REVIEW

Cottie Petrie-Norris, Chair

AB 1579 (Garcia) – As Amended March 23, 2023

**SUBJECT:** Vehicles: batteries

**SUMMARY:** This bill would require that all lithium batteries for state vehicles be sourced from regions producing lithium with a minimal carbon footprint. Specifically, **this bill:**

- 1) Makes the following legislative findings and declarations:
  - a) The transportation sector is responsible for more than one-half of California’s carbon pollution, 80 percent of California’s smog-forming pollution, and 95 percent of California’s toxic diesel emissions, all while communities in the Los Angeles Basin and central valley experience some of the dirtiest and most toxic air in the country.
  - b) Passenger rail, transit, bicycle, and pedestrian infrastructure and micromobility options are critical components to the state achieving carbon neutrality and connecting communities, requiring coordination of investments and work with all levels of government, including rail and transit agencies, to support these mobility options.
  - c) Executive Order No. N-79-20 (2020) set goals for 100 percent of in-state sales of new passenger cars and trucks to be zero emission by 2035, and for 100 percent of medium- and heavy-duty vehicles in the state to be zero emission by 2045 for all operations where feasible, and, by 2035, for drayage trucks.
  - d) As California transitions to a clean transportation economy, its heavy reliance on importing lithium from foreign countries robs the state of the opportunity to pair its transportation goals with the creation of high-quality, green jobs.
  - e) The Salton Sea Known Geothermal Resource Area is home to the largest deposits of lithium in North America.
  - f) Accelerating lithium development at the Salton Sea Known Geothermal Resource Area could anchor a domestic battery supply chain that will not only create thousands of middle-class-sustaining union jobs, but would also inject billions of dollars into a high-need community while also moving the United States and California closer to its climate, energy, and transportation goals.
  - g) Developing lithium from the Salton Sea Known Geothermal Resource Area could also enable the creation of numerous revenue streams from California’s enormous purchasing power, part of which could be used to offset the state’s legal obligation to restore the Salton Sea.
  - h) It is the intent of the Legislature to accelerate its greenhouse gas and energy goals, protect the public health and the environment, and build a sustainable domestic battery supply chain.

- i) It is the intent of the Legislature that this act, the California Lithium Economy Act, would support, beginning in 2035, the Legislature's effort to ensure that the state's zero emission vehicle fleet includes lithium-ion batteries that contain lithium produced with the least environmental impact.
- 2) This bill would require on and after January 1, 2035, that the bid specifications for the acquisition of motor vehicles and for determining the lowest responsible bidder, consider whether the vehicles are equipped with lithium-ion batteries that contain lithium produced with the least environmental impact.

**EXISTING LAW:**

Authorizes the state, in establishing bid specifications for the acquisition of motor vehicles and in determining the lowest bidder, to consider the probable resale value of the vehicles. **(Public Contract Code Section 10326)**

Notwithstanding any other provision of law, contracts awarded by the state for construction, professional services, materials, supplies, equipment, alteration, repair, or improvement shall have statewide participation goals of not less than 15 percent for minority business enterprises, not less than 5 percent for women business enterprises and 3 percent for disabled veteran business enterprises. **(Public Contract Code Section 10115.1)**

In awarding contracts to the lowest responsible bidder, the awarding department shall consider the efforts of a bidder to meet minority business enterprise, women business enterprise, and disabled veteran business enterprise goals set forth in this article. The awarding department shall award the contract to the lowest responsible bidder meeting these goals. **(Public Contract Code 10115.2)**

**FISCAL EFFECT:** Unknown. This bill has not been analyzed by a fiscal committee.

**COMMENTS:****Author's Stated Purpose and Intent.**

“As California transitions to a clean energy economy, its heavy reliance on importing lithium from foreign countries robs the state of the opportunity to pair its transportation goals with the creation of high-quality, green jobs. AB 1579 will be instrumental in generating thousands of good paying jobs and billions in revenue to Imperial County – a region that chronically suffers from one of the highest polluted and unemployment rates in in our state.”

**Executive Order N-29020.**

In September 2020, California Governor Gavin Newsom announced a goal of the state that 100 percent of in-state sales of new passenger cars and trucks will be zero-emission by 2035. And it will be a goal of the state that 100 percent of the medium and heavy-duty vehicles in the state to be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. And finally, it will be a state goal to transition to 100 percent zero-emission of-road vehicles and equipment by 2035.

**President Announces \$2.8 Billion to Boost EV Battery Manufacturing.**

In October 2022, President Joe Biden announced the Department of Energy awarded \$2.8 billion in grants from the Bipartisan Infrastructure Law to 20 manufacturing and processing companies for projects to help produce electric vehicle (EV) batteries across 12 states.

The President also announced the American Battery Materials Initiative which is an effort to “mobilize the entire government in securing a reliable and sustainable supply of critical minerals used for power, electricity, and electric vehicles. The President’s goal is to make half of all new vehicles sold in the country electric vehicles by 2030.

The President noted that the actions taken will make America more competitive, ensure that we maintain our supply chain, and create jobs for American workers. “China currently controls much of the critical mineral supply chain and the lack of mining, processing, and recycling capacity in the U.S. could hinder electric vehicle development and adoption, leaving the U.S. dependent on unreliable foreign supply chains.”

**Fast Evolving EV Lithium Battery Market.**

At the core of California government contracting is competition, awarding contracts to the lowest responsible bidder meeting all the specifications of the bid proposal. Even with the state’s goal for minority, women and disabled veterans contract participation goals, the contract is still awarded to the lowest responsible bidder.

This proposal would provide a bid preference for vehicles based on the environmental impact in the processing of the vehicle’s lithium battery. In 2015, Governor Newsom vetoed a legislative proposal (AB 429, Dahle) that would have granted a bid preference for state contracts for lumber and other solid wood products harvested in California.

Although this proposal does not specifically provide a preference for EV batteries produced from lithium from the Salton Sea, this analysis only notes that part of the Governor’s rationale for his veto was that he was supportive of a competitive market and he had already taken actions to help make the California forest industry become more competitive.

**PREVIOUS LEGISLATION.**

AB 1397 (E. Garcia), died in Assembly Accountability and Administrative Review Committee, 2022, would have required 35% of lithium used in the manufacture of state electric vehicles come from regions with minimal carbon footprint.

AB 429 (Dahle), vetoed by Governor, 2015, would have required state agencies to provide a bid preference for California products when contracting for lumber and solid wood products.

**REGISTERED SUPPORT / OPPOSITION:****Support**

None on file.

**Opposition**

None on file.

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