



## States' Biofuels Statutes

### STATE OF CALIFORNIA

*This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [States' Biofuels Statutory Citations](#). These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.*

*Current through the 2013 Legislative Session of the California General Assembly.*

#### **§ 44270. Short title**

This chapter shall be known, and may be cited, as the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5.)

#### **§ 44270.3. Definitions**

For the purposes of this chapter, the following terms have the following meanings:

- (a) “Benefit-cost score,” for the Alternative and Renewable Fuel and Vehicle Technology 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.
- (b) “Commission” means the State Energy Resources Conservation and Development Commission.
- (c) “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:
  - (1) Feedstock production, extraction, cultivation, transport, and storage, and the transportation and use of water and changes in land use and land cover therein.
  - (2) Fuel production, manufacture, distribution, marketing, transport, and storage, and the transportation and use of water therein.

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

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

(e) 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.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5. Amended by Stats.2008, c. 313 (A.B.109), § 2; Stats.2013, c. 401 (A.B.8), § 10, eff. Sept. 28, 2013.)

#### **§ 44271. Administration of programs; guidelines**

(a) This chapter creates the Alternative and Renewable Fuel and Vehicle Technology 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 Alternative and Renewable Fuel and Vehicle Technology Program or, as defined in paragraph (1) of subdivision (e) of Section 44270.3, associated with a project, as defined in paragraph (2) of subdivision (e) 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, as amended by Assembly Bill 8<sup>1</sup> of the 2013-14 Regular Session of the Legislature, 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 Alternative and Renewable Fuel and Vehicle Technology 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 Alternative and Renewable Fuel and Vehicle Technology Program, the state board shall advise the commission to ensure the requirements of this subdivision are met.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5. Amended by Stats.2008, c. 313 (A.B.109), § 3; Stats.2013, c. 401 (A.B.8), § 11, eff. Sept. 28, 2013.)

**§ 44272. Alternative and Renewable Fuel and Vehicle Technology Program created; preference criteria; funding eligibility**

(a) The Alternative and Renewable Fuel and Vehicle Technology 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 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, 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 technology and alternative and renewable fuels in the marketplace, without adopting any one preferred fuel or technology.

(b) 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 his or her 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.

(c) The commission shall provide preferences to those projects that maximize the goals of the Alternative and Renewable Fuel and Vehicle Technology Program, based on the following criteria, as applicable:

(1) The project's ability to provide a measurable transition from the nearly exclusive use of petroleum fuels to a diverse portfolio of viable alternative fuels that meet petroleum reduction and alternative fuel use goals.

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

(3) The project's ability to reduce criteria air pollutants and air toxics and reduce or avoid multimedia environmental impacts.

(4) The project's ability to decrease, on a life-cycle basis, the discharge of water pollutants or any other substances known to damage human health or the environment, in comparison to the production and use of California Phase 2 Reformulated Gasoline or diesel fuel produced and sold pursuant to California diesel fuel regulations set forth in Article 2 (commencing with Section 2280) of Chapter 5 of Division 3 of Title 13 of the California Code of Regulations.

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

(6) 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.

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

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

(9) The project's ability to reduce on a life-cycle assessment greenhouse gas emissions by at least 10 percent, and higher percentages in the future, from current reformulated gasoline and diesel fuel standards established by the state board.

(10) The project's use of alternative fuel blends of at least 20 percent, and higher blend ratios in the

future, with a preference for projects with higher blends.

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

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

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

(1) Alternative and renewable fuel projects to develop and improve alternative and renewable low-carbon fuels, including electricity, ethanol, dimethyl ether, renewable diesel, natural gas, 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 alternative and renewable fuels for existing and developing engine 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) Alternative and renewable fuel infrastructure, fueling stations, and equipment. The preference in paragraph (10) of subdivision (c) shall not apply to renewable diesel or biodiesel infrastructure, fueling stations, and equipment used solely for renewable diesel or biodiesel fuel.

(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, advanced internal combustion engines with a 40 percent or better efficiency level over the current market standard, 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 vehicles and alternative and renewable fuels 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 onroad and nonroad vehicle fleets with

technologies 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 alternative and renewable fuel infrastructure development 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 alternative and renewable fuel feedstock production and extraction, renewable fuel production, distribution, transport, and storage, high-performance and low-emission vehicle technology and high tower electronics, automotive computer systems, mass transit fleet conversion, servicing, and maintenance, and other sectors or 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 alternative and renewable 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 low-carbon 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.

(f) The commission may make a single source or sole source award pursuant to this section for applied research. 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. This subdivision does not authorize the commission to make a single source or sole source award for a project or activity other than for applied research.

(g) 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 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.

(C) An administrator of a block grant program.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5. Amended by Stats.2008, c. 179 (S.B.1498), § 153; Stats.2008, c. 313 (A.B.109), § 6; Stats.2010, c. 328 (S.B.1330), § 130; Stats.2010, c. 356 (A.B.1106), § 1, eff. Sept. 27, 2010; Stats.2010, c. 649 (S.B.1340), § 1.5; Stats.2011, c. 487 (A.B.1314), § 1; Stats.2013, c. 353 (S.B.820), § 119, eff. Sept. 26, 2013, operative July 1, 2013; Stats.2013, c. 401 (A.B.8), § 12, eff. Sept. 28, 2013.)

### **§ 44272.3. Loans to biorefiners; requirements**

(a) It is the intent of the Legislature that, to the maximum extent feasible, loan moneys provided by the state to refiners of biofuels, also known as biorefiners, be awarded so as to increase the efficiency and environmental sustainability of biofuel production.

(b) In order to reduce the carbon intensity equivalent value of the fuel that biorefiners produce, biorefiners receiving loans from the commission's California Ethanol Producer Incentive Program, established under the authority of this chapter, shall meet all of the following requirements:

(1) Within six months of acceptance to the program, biorefiners shall submit a draft plan to the commission that details one or more projects that can be undertaken at the biorefinery that are designed to achieve compliance with either of two biorefinery operational enhancement goals established by the commission.

(2) Within 12 months of acceptance to the program, biorefiners shall submit a detailed cost estimate for their target projects that can be undertaken at the biorefinery and that are designed to achieve compliance with the commission's enhancement goals.

(3) Within 24 months of acceptance to the program, biorefiners shall complete and obtain all of the necessary permits or negative declarations sufficient to allow the project to move forward with financing, major equipment purchases, and hiring if project approval is executed by the company's officers.

(4) Within 36 months of acceptance to the program, biorefiners shall obtain all of the necessary financing and initiate construction for their project associated with their elected enhancement goal pathway.

(5) Within 48 months of acceptance to the program, biorefiners shall complete all modifications to the facility and begin modified operations that achieve compliance with either of the enhancement goal

pathways selected by the project applicant.

(c) This section does not limit the commission's ability to set more stringent guidelines for the California Ethanol Producer Incentive Program that further maximize the efficiency and environmental sustainability of biofuel production.

(d) This section shall become inoperative on July 1, 2013.

**Credits:** (Added by Stats.2010, c. 718 (S.B.855), § 5, eff. Oct. 19, 2010. Amended by Stats.2011, c. 296 (A.B.1023), § 165; Stats.2012, c. 183 (A.B.523), § 1.)

**§ 44272.4. Loans to biorefiners; compliance with conditions; eligibility for funding; ethanol not derived from corn**

(a) Notwithstanding subdivision (d) of Section 44272.3, on and after June 30, 2013, a biorefiner receiving loan moneys from the state pursuant to an appropriation made in the 2010-11 or 2011-12 fiscal year shall comply with all conditions established pursuant to Section 44272.3 and shall demonstrate that compliance to the commission.

(b) On and after July 1, 2013, the eligibility for funding, pursuant to paragraph (1) of subdivision (d) of Section 44272, of projects for the production of ethanol is limited to ethanol that is not derived from corn. This limitation does not apply to ethanol derived from corn stover, leaves, cobs, or other nonedible plant portions of the corn.

**Credits:** (Added by Stats.2010, c. 718 (S.B.855), § 5.5, eff. Oct. 19, 2010. Amended by Stats.2012, c. 183 (A.B.523), § 2.)

**§ 44272.5. Investment plan; advisory body; membership**

(a) The commission shall develop and adopt an investment plan to determine priorities and opportunities for the Alternative and Renewable Fuel and Vehicle Technology Program created pursuant to this chapter. The investment plan shall establish priorities for investment of funds and technologies to achieve the goals of this chapter and describe how funding will complement existing public and private investments, including existing state programs that further the goals of this chapter. The commission shall create and consult with an advisory body as it develops the investment plan. The advisory body is subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). The commission shall, at a minimum, hold one public hearing on the advisory body's recommendations prior to approving the investment plan.

(b) Membership of the advisory body created pursuant to subdivision (a) shall include, but is not limited to, representatives of fuel and vehicle technology entities, labor organizations, environmental organizations, community-based justice and public health organizations, recreational boaters, consumer advocates, academic institutions, workforce training groups, and private industry. The advisory body shall also include representatives from the Resources Agency, the Business, Transportation and Housing



Agency, the Labor and Workforce Development Agency, and the California Environmental Protection Agency.

(c) The commission shall hold at least three public workshops in different regions of the state and one public hearing prior to approving the investment plan. The commission shall annually update and approve the plan. The commission shall reconvene and consult with the advisory body created pursuant to subdivision (a) prior to annually updating and approving the plan.

### **Credits**

(Formerly § 44271.5, added by Stats.2007, c. 750 (A.B.118), § 5. Renumbered § 44272.5 and amended by Stats.2008, c. 313 (A.B.109), § 4.)

### **§ 44272.7. Investment plan; submission; approval; modification; contents**

(a) On or before March 15, 2011, and each January thereafter concurrent with the submittal of the Governor's Budget, the commission shall submit a draft update to the investment plan, as developed in accordance with Section 44272.5, for the upcoming fiscal year to the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature.

(b) Beginning with the investment plan update for the 2012-13 fiscal year, the commission shall submit the final investment plan update for the ensuing fiscal year, as developed in accordance with Section 44272.5, to the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature each May concurrent with the submittal of the Governor's May Revision to the budget.

(c) Subsequent to the approval of the investment plan update pursuant to subdivision (c) of Section 44272.5, the commission shall, within 30 days, notify the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature if a significant modification to the final investment plan update is approved. For purposes of this subdivision, "significant modification" means an augmentation or reduction the value of which individually exceeds 50 percent of the commission-approved allocation to an investment plan subcategory or is at least two million dollars (\$2,000,000). For other modifications that do not meet this definition, the commission shall notify the Joint Legislative Budget Committee and all relevant policy and fiscal committees of the Legislature within 90 days, or at such earlier time as the aggregate total of unreported modifications equals five million dollars (\$5,000,000) or more.

(d)(1) It is the intent of the Legislature that the investment plan, including updates to the plan, communicate the commission's strategic vision and priorities with respect to the development of alternative and renewable fuel and vehicle technologies, and will provide an analytical rationale for all proposed expenditures that aligns with the commission's broader strategic goals for the program.

(2) It is also the intent of the Legislature that the investment plan update highlight and explain the rationale for any year-over-year changes to the commission's program strategy and priorities, particularly with respect to specific technologies or policy initiatives.

(3) Additionally, it is the intent of the Legislature that submission of the draft update to the investment

plan concurrent with the Governor's Budget, along with timely notification of significant modifications to the investment plan update thereafter, will improve legislative oversight of the program and provide the Legislature with all of the necessary information to fully understand how and why funds are to be allocated and prioritized within the program.

**Credits:** (Added by Stats.2010, c. 718 (S.B.855), § 6, eff. Oct. 19, 2010. Amended by Stats.2011, c. 487 (A.B.1314), § 2.)

**§ 44273. Alternative and Renewable Fuel and Vehicle Technology Fund created; administration of funds; project evaluation**

(a) The Alternative and Renewable Fuel and Vehicle Technology Fund is hereby created in the State Treasury, to be administered by the commission. The moneys in the fund, upon appropriation by the Legislature, shall be expended by the commission to implement the Alternative and Renewable Fuel and Vehicle Technology Program in accordance with this chapter.

(b) Notwithstanding any other provision of law, the sum of ten million dollars (\$10,000,000) shall be transferred annually from the Public Interest Research, Development, and Demonstration Fund created by Section 384 of the Public Utilities Code to the Alternative and Renewable Fuel and Vehicle Technology Fund. Prior to the award of any funds from this source, the commission shall make a determination that the proposed project will provide benefits to electric or natural gas ratepayers based upon the commission's adopted criteria.

(c) Beginning with the integrated energy policy report adopted in 2011, and in the subsequent reports adopted thereafter, pursuant to Section 25302 of the Public Resources Code, the commission shall include an evaluation of research, development, and deployment efforts funded by this chapter. The evaluation shall include all of the following:

- (1) A list of projects funded by the Alternative and Renewable Fuel and Vehicle Technology Fund.
- (2) The expected benefits of the projects in terms of air quality, petroleum use reduction, greenhouse gas emissions reduction, technology advancement, benefit-cost assessment, and progress towards achieving these benefits.
- (3) The overall contribution of the funded projects toward promoting a transition to a diverse portfolio of clean, alternative transportation fuels and reduced petroleum dependency in California.
- (4) Key obstacles and challenges to meeting these goals identified through funded projects.
- (5) Recommendations for future actions.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5. Amended by Stats.2008, c. 313 (A.B.109), § 7; Stats.2013, c. 401 (A.B.8), § 13, eff. Sept. 28, 2013.)

**§ 44274. Air Quality Improvement Program created; guidelines; preference criteria; eligible projects**

(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 fuel and vehicle technologies. The primary purpose of the program shall be 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.

(b) The state board shall provide preference in awarding funding to those projects with higher benefit-cost scores that maximize the purposes and goals of the Air Quality Improvement Program. The state board also 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 low carbon or 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) Onroad and off-road equipment projects that are cost effective.
- (2) Projects that provide mitigation for off-road gasoline exhaust and evaporative emissions.
- (3) Projects that provide research to determine the air quality impacts of alternative fuels and projects that study the life-cycle impacts of alternative fuels and conventional fuels, the emissions of biofuel and advanced reformulated gasoline blends, and air pollution improvements and control technologies for use with alternative fuels and vehicles.

(4) Projects that augment the University of California's agricultural experiment station and cooperative extension programs for research to increase sustainable biofuels production and improve the collection of biomass feedstock.

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

(6) 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 onroad 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.

(7) 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.

(8) 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.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5. Amended by Stats.2008, c. 313 (A.B.109), § 9; Stats.2013, c. 401 (A.B.8), § 14, eff. Sept. 28, 2013.)

**§ 44274.5. Air Quality Improvement Fund created; administration of funds**

The Air Quality Improvement Fund is hereby created in the State Treasury, to be administered by the state board. The moneys in the Air Quality Improvement Fund, upon appropriation by the Legislature, shall be expended by the state board in accordance with this chapter to implement the Air Quality Improvement Program. The Legislature may transfer moneys from the fund to the Carl Moyer Memorial Air Quality Standards Attainment Trust Fund.

**Credits:** (Added by Stats.2007, c. 750 (A.B.118), § 5.)

**§ 44274.7. Financial assistance for on-road heavy-duty diesel-fueled motor vehicles; early compliance with emission reduction regulations**

(a) Notwithstanding any other provision of this chapter, funds appropriated by the Legislature to the state board from the Air Quality Improvement Fund in the Budget Act of 2008, not used to implement the Air Quality Improvement Program, shall be expended by the state board to provide financial assistance to owners and operators of on-road heavy-duty diesel-fueled motor vehicles for costs associated with early compliance with both of the following regulations:

(1) Regulations to reduce emissions of diesel particulate matter, oxides of nitrogen, and other criteria pollutants, and greenhouse gases from in-use heavy-duty diesel-fueled vehicles.

(2) Regulations to reduce greenhouse gas emissions from heavy-duty tractors and 53-foot box-type trailers that transport freight on state highways.

(b) Funds shall be expended for low- or zero-interest loans or grants.

(c) Priority for funding shall be provided to both of the following:

(1) Owners of less than three on-road heavy-duty diesel-fueled motor vehicles and to those owners and operators most heavily impacted by the regulations described in subdivision (a) who demonstrate financial hardship as determined by the state board.

(2) On-road heavy-duty diesel-fueled motor vehicles that are used for short-haul trucking, including short-haul trucking that crosses state or federal borders where there are significant air pollution impacts in the state.

(d) The state board may contract with the Treasurer for assistance in expending funds through programs implemented by the Treasurer.

(e) The state board shall maximize use of the funds described in this section with other funds that may be available for on-road heavy-duty diesel-fueled motor vehicle pollution reduction, including, but not limited to, the Goods Movement Emission Reduction Program (Chapter 3.2 (commencing with Section 39625) of Part 2) and the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275)).

(f) By January 1, 2010, and each January 1 thereafter until all funds are expended, the state board shall report to the Legislature on the implementation of this section, including, but not limited to, the types of financial assistance provided.

**Credits:** (Added by Stats.2008, c. 760 (A.B.1338), § 13, eff. Sept. 30, 2008.)