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Overview of California Air Resources Board Air Quality and Emissions Reduction Programs As They Relate to the Transportation Sector

Monday, February 22, 2016
1:30 p.m. ♦ State Capitol, Room 4202

Background

The mission of the California Air Resources board (ARB) is to promote and protect public health, welfare, and ecological resources through the effective and efficient reduction of air pollutants in recognition and consideration of the effects on the economy of California. To achieve this mission, ARB set goals that include providing safe, clean air to all Californians, protecting the public from exposure to toxic air contaminants, reducing California's emission of greenhouse gases (GHGs), providing leadership in implementing and enforcing air pollution control rules and regulations, and providing innovative approaches for complying with air pollutions rules and regulations.

Prior to the passage of AB 32 (Núñez), Chapter 488, Statutes of 2006, ARB was focused primarily on overseeing the state's air pollution control program to achieve state and federal health-based air quality standards. Programs initially established with respect to air pollution control included strategies to reduce emissions of smog-forming pollutants by addressing mobile sources and fuels, developing air quality plans, performing air quality modeling and monitoring, and conducting research and enforcement. Transportation-sector specific programs included accelerated vehicle retirement programs, heavy-duty vehicle inspection programs, low-emission vehicle programs, mobile source emissions reduction credits, mobile source emission inventory programs, and on-road heavy duty vehicle programs, to name a few.

As climate change issues rose to the forefront, Governor Schwarzenegger issued Executive Order (EO) S-3-05 that set near-term and longer-term GHG reduction targets. Specifically, the near-term target called for reducing GHG emissions to 1990 levels by 2020 and the longer-term target called for reducing GHG emissions to 80 percent below 1990 levels by 2050.

The near-term target established in EO S-3-05 was codified with the passage AB 32, the Global Warming Solutions Act of 2006. AB 32 included authority for ARB to develop

regulations, fee programs, and market mechanisms (e.g., cap and trade) to help meet the GHG reduction goal.

Many of the transportation-sector programs established by ARB to address criteria pollutants prior to the passage of AB 32 have continued and, in some cases expanded to help further the AB 32-related goal. Other programs have been added including programs specifically to address transportation-sector GHG emissions. Revenues from fees and surcharges, most related to vehicles and fuels, fund these programs.

It has been 10 years since the passage of AB 32 and many more since ARB first began addressing California's air quality. Since then, the state's commitment to ARB's efforts has grown substantially. For example, in the 2005-06 fiscal year budget, ARB had approximately 1,000 employees and a budget of about \$240 million. By contrast, the Governor's proposed budget for ARB for Fiscal Year 2016-17 includes 1,346 positions (30% increase) and a budget of nearly \$1 billion (400% increase). Furthermore, the growth in ARB's scope of responsibilities equates to increased regulations affecting a host of industries such as trucking, ports, warehousing, and logistics. While the increased regulations have resulted in emissions reductions, many industries report that increasingly stringent regulations threaten their economic viability.

Given the level of the state's commitment to ARB, both in resources, and regulatory authority, and given the real, perceived, and potential impacts on the state's economy from ARB's actions, it is appropriate that the Legislature conduct the first of what is likely to be a series of oversight hearings on ARB's programs as they relate to transportation.

Purpose of the Hearing:

This hearing is intended to be a straightforward oversight of ARB's transportation-related programs. At the hearing, ARB will be asked to respond to these specific oversight-related questions for individual regulatory and incentive programs:

- What is the mandate for the program, statutory or otherwise?
- How is the program funded and at what level?
- What are the outcome-based goals for the program? For example, if the program is related to AB 32, what specific amounts of GHG emissions are expected to be reduced because of the program?
- How do the actual program performance measurements compare to the specific goals?
- How much has been spent on the program annually or to date?

Difficulties in Collecting Program Data:

Data is the key to proper oversight. In theory, with answers to the above questions, the Legislature should be able to fulfill its responsibility for program oversight, including the following objectives:

- Ensuring compliance with the legislative intent of the enabling statutes;
- Evaluating whether the trade-offs involved are still acceptable;
- Evaluating a program's performance; and
- Reassessing whether the priorities in place when the program was created remain valid priorities for the current Legislature.

Unfortunately, gathering the data needed to support this hearing was far more difficult than anticipated. The committees were unable to ascertain what benefits were realized for many programs or what the costs were. We know that, when ARB recommends specific strategies, they expect to realize specific reductions in GHGs or criteria pollutants. We also know that ARB anticipates the economic cost to the regulated community. Unfortunately, however, according to ARB, they do not collect data on the success of individual regulatory programs. Consequently, there is no way for the Legislature to assess the success of any given program, either alone or as compared to other-related programs.

In this hearing, the Committees hope to learn what authority or mandate led to the creation and execution of individual programs and the Committees will be provided information about individual program functions and implementation. Unfortunately, the Committees will also learn that data is not available to enable the Legislature to determine whether or not an individual program has achieved the overall intended goal and at what cost.

While the ARB is able to show an overall downward trend in emissions since the inception of these programs, it is not able to attribute the role of any given program in producing those reductions. This information is vital to the Legislature being able to assess whether a particular regulatory program is meritorious despite the impact on the regulated community.

To improve air quality, achieve our state's climate goals, and address the state's economic vitality, it is imperative that the Legislature be able to distinguish which of ARB's programs provide the greatest emissions reductions and at what cost.

The difficulties the Committees had in gathering this data may be an indication that better specific performance measurements are needed so that the Legislature can properly oversee ARB's programs. The Committees look forward to hearing ARB's recommendations toward this end.

The Committees, in consultation with ARB, compiled the attached matrix entitled "ARB Emission Reduction Programs in the Transportation Sector." This matrix shows the transportation-related regulatory and incentive programs overseen by ARB. The programs are grouped into broad categories including light-duty vehicles, heavy-duty vehicles, ports and vessels, fuels, and land-use and transportation planning. The purpose of the matrix is to provide easy access to specific information that will be discussed in the hearing.

ARB also provided the attached funding chart showing expenditures for various funds for broad ARB program categories. This document will be referenced in today's hearing.

