

Date of Hearing: April 27, 2021

ASSEMBLY COMMITTEE ON JOBS, ECONOMIC DEVELOPMENT, AND THE ECONOMY

Sabrina Cervantes, Chair

AB 1110 (Robert Rivas) – As Amended April 20, 2021

**SUBJECT:** Zero-emission vehicles: Office of the California Clean Fleet Accelerator: Climate Catalyst Revolving Loan Fund Program

**POLICY FRAME:** A central component to the state’s climate action plan is the adoption of zero-emission everywhere feasible and cleaner fuels and cleaner combustion everywhere else. Transitioning the transportation sector to zero- and low-emission is especially important as it represents the single largest source of greenhouse gas (GHG) emissions (41%), followed by the GHG emissions from industry (24%).

AB 1110 builds upon the state’s success in advancing zero-emission passenger vehicles by leveraging the state’s purchasing power to assist local and state agencies to transition their fleets and equipment operations, including forklift, motorized construction or utility equipment, street sweeper, or other special-use municipal vehicle. The timing of the bill is important because the regulatory calendar for California Air Resources Board (CARB) has already scheduled advanced clean fleets, including drayage, for 2021, forklifts for 2023, and seaports and rail yard handling equipment for 2024. By 2035, the state’s goal is to have 100% transition to zero-emissions in short-haul/drayage trucks and off-road equipment.

The analysis includes information on California’s zero emission vehicle goals, the California Climate Catalyst Fund, zero-emission vehicle (ZEV) fleet transition challenges, and the ZEV infrastructure unit at the Governor’s Office of Business and Economic Development (GO-Biz). There is no known opposition to this bill. Suggested amendments are included in Comment 8, including an expansion of the purchasing options for state and local agencies.

**SUMMARY:** Establishes the Office of the California Clean Fleet Accelerator (OCFA) and the position of the Clean Vehicles Ombudsperson, GO-Biz, for the purpose of supporting The Department of General Services (DGS) in developing and issuing a bulk purchase of zero-emission fleet vehicles, as defined. Specifically, **this bill:**

- 1) Establishes the Office of the California Clean Fleet Accelerator (OCFA), within GO-Biz, and the position of the Clean Vehicles Ombudsperson, for the purpose of overseeing the activities of the OCFA.
  - a) Specifies that the Clean Vehicles Ombudsperson is to be appointed and will serve at the pleasure of the GO-Biz Director.
  - b) Authorizes GO-Biz to adopt, amend, or repeal guidelines and regulations and promulgate forms, as specified.
  - c) Requires the Clean Vehicles Ombudsperson to do all of the following:
    - i) Upon the request of a public agency, provide technical assistance to the public agency in the procurement of zero-emission fleet vehicles.
    - ii) In cooperation with DGS, assist a public agency in procuring zero-emission fleet vehicles by bulk purchase under the master service agreement, as specified.

- iii) Actively reach out to small and rural communities to offer technical assistance and other state resources.
  - iv) Provide any other assistance to a public agency in procuring zero-emission fleet vehicles that is consistent with the purposes of this chapter, including, but not limited to, identifying available incentives and financing mechanisms.
- d) Requiring the Clean Vehicles Ombudsperson to prioritize assisting public agencies that serve disadvantaged communities.
- e) Requires the Clean Vehicles Ombudsperson, in consultation with DGS, to consult with a specified list of government entities in identifying all available programs and incentives offered by the state that can help to reduce costs and increase participation in the master service agreement, as specified. ,
- i) Requires the consultation to also include an identification of barriers that may prevent programs and incentives offered by these entities from being made available to participants.
  - ii) Requires the following state government entities to be consulted: GO-Biz, the Transportation Agency, the State Energy Resources Conservation and Development Commission, the State Air Resources Board, the California Infrastructure and Economic Development Bank, the Public Utilities Commission, the California Alternative Energy and Advanced Transportation Financing Authority, and DGS.
- 2) Requires the Clean Vehicles Ombudsperson to convene an advisory committee to aid in the activities of the accelerator. The bill requires the advisory committee to include vehicle fleet managers or other appropriate persons representing, at minimum, the following:
- a) Five cities with populations less than 150,000.
  - b) At least two regional organizations, which may include, but are not limited to, councils of governments or metropolitan planning organizations.
  - c) Two jurisdictions that, in the office's judgment, have demonstrated experience in acquiring electric vehicles for use in their vehicle fleets.
  - d) As appropriate, representatives from state agencies, as specified.
- 3) Requires the advisory committee to do all of the following:
- a) Identify and publish best practices in adopting zero-emission fleet vehicles.
  - b) Identify appropriate candidate vehicles for bulk purchase.
  - c) Assist in promoting and encouraging participation in the California Clean Fleet Accelerator Program.
- 4) Requires the ombudsperson to develop, and recommend that DGS adopt, criteria for evaluating vehicle bulk purchase options, as specified, giving additional consideration to offers of sale of zero-emission fleet vehicles produced by manufacturers that are able to demonstrate a pattern of activity showing superior performance in meeting the following criteria:
- a) Adherence to high-road labor.
  - b) Job creation within this state.

- c) Providing training and hiring opportunities to residents in disadvantaged communities.
  - d) Demonstrated commitment to racial and gender equity, as indicated by proportionate representation of women and persons of color among all levels of employees.
- 5) Requires DGS to issue a non-mandatory master service agreement for the bulk purchase of zero-emission fleet vehicles by a public agency.
- a) Requires DGS, in developing the requirements and conditions of the master service agreement, to consult with the Clean Vehicles Ombudsperson and take into consideration the recommendations of the advisory committee, as specified.
  - b) Requires the master service agreement to, at minimum, establish standard pricing for bulk purchases of zero-emission fleet vehicles, taking into consideration any applicable state or federal tax credits or other financial incentives and low-cost financing options available to public agencies for that purpose.
  - c) Requires a public agency that acquires a zero-emission fleet vehicle pursuant to the master service agreement to comply with all other applicable laws and policies governing the acquisition of that zero-emission fleet vehicle.
- 6) Requires DGS, to the extent feasible, provide for the first round of zero-emission fleet vehicle acquisition by public agencies under the master service agreement no later than June 30, 2022, or, if that date is not feasible, as soon thereafter as is reasonably practicable, and annually thereafter, provided that sufficient participation exists among public agencies.
- 7) Specifies that nothing in this bill alters or revokes any existing authority of the department to engage in activities related to the purchase of zero-emission fleet vehicles.
- 8) Specifies that a climate catalyst project includes, but is not limited to, the acquisition of a zero-emission fleet vehicle pursuant to the master service agreement developed pursuant to this bill.
- 9) Requires the Strategic Growth Council to review and make a recommendation on providing financial assistance under the Climate Catalyst Revolving Loan Fund Program to include, but not be limited to, loan loss reserves, revolving loan funds, and other financial instruments to facilitate climate catalyst projects that consist of the acquisition of zero-emission fleet vehicles pursuant to the master service agreement developed pursuant this bill or other agreements pursued upon the advice of the Clean Vehicles Ombudsperson to accelerate zero-emission vehicle adoption by public agencies.
- 10) Defines the following terms:
- a) “Eligible vendor” means a person that is any of the following:
    - i) A dealer, as that term is defined in Section 285 of the Vehicle Code, that sells a medium- or heavy-duty zero-emission fleet vehicle to a public agency.
    - ii) Any vendor, eligible under the laws of this state to contract with a public agency, of a zero-emission vehicle that is off-road equipment engaged in the sale of that equipment.
    - iii) Any vendor, eligible under the laws of this state to contract with a public agency, of a zero-emission vehicle that is an electric bicycle, as that term is defined in Section 312.5 of the Vehicle Code, or electric cargo bicycle.

- b) “Public agency” means all of the following:
  - i) The state and any state agency, as that term is defined in Section 11000.
  - ii) The Regents of the University of California.
  - iii) The Trustees of the California State University.
  - iv) A county.
  - v) A city.
  - vi) Any district formed as an agency of the state, pursuant to general law or a special act, for the local performance of governmental or proprietary functions within limited geographic boundaries, including, but not limited to, the following:
    - vii) A school district.
    - viii) A transit district.
    - ix) Any other political subdivision of this state.
- c) “Vehicle fleet” means two or more vehicles under common ownership of, or operation by, a public agency.
- d) “Zero-emission fleet vehicle” means a vehicle, off-road equipment, including, but not limited to, a forklift, motorized construction or utility equipment, street sweeper, or other special-use municipal vehicles, an electric bicycle, as that term is defined in Section 312.5 of the Vehicle Code, or an electric cargo bicycle acquired by a public agency for use as part of its vehicle fleet that produces no emissions of criteria pollutants, toxic air contaminants, or greenhouse gases when stationary or operating.

#### **EXECUTIVE ORDER N-79-20**

- 1) Sets a series of goals for the state relating to GHG reductions and oil extraction, and other climate change related issues:
  - a) 100% of in-state sales of new passenger cars and trucks will be zero-emission by 2035.
  - b) 100% of medium- and heavy-duty vehicles in the state be zero-emission by 2045 for all operations, where feasible, and by 2035 for drayage trucks.
  - c) 100% zero-emission of off-road vehicles and equipment by 2035, where feasible.
- 2) Requires the State Air Resources Board, to the extent consistent with state and federal law, to develop and propose:
  - a) Passenger vehicle and truck regulations requiring increasing volumes of new zero-emission vehicles sold in the state towards the target of 100% of in-state sales by 2035.
  - b) Medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards the target of 100% of the fleet transitioning to zero-emission vehicles by 2045, everywhere feasible, and for all drayage trucks to be zero-emission by 2035.

- c) Strategies, in coordination with other state agencies, US Environmental Protection Agency and local air districts, to achieve 100% zero-emission from off-road vehicles and equipment operations in the State by 2035.
- 3) Requires GO-Biz, in consultation with the CARB, Energy Commission, Public Utilities Commission, State Transportation Agency, the Department of Finance other state agencies, local agencies and the private sector, to develop a Zero-Emissions Vehicle Market Development Strategy by January 31, 2021, and update it every three years.
- 4) Requires CARB, the Energy Commission, Public Utilities Commission, and other relevant state agencies, require the use of existing authorities to accelerate the deployment of affordable fueling and charging options for zero-emission vehicles, in ways that serve all communities and in particularly low-income and disadvantaged communities, consistent with state and federal law.
- 5) Requires the Energy Commission, in consultation with CARB and the Public Utilities Commission, to update the biennial statewide assessment of zero-emission vehicle infrastructure required by AB 2127 (Chapter 365, Statutes of 2018) to support the levels of electric vehicle adoption required by this Order.

#### **EXISTING LAW:**

- 1) The Charge Ahead California Initiative, administered by the State Air Resources Board, includes goals of, among other things, placing in service at least 1 million zero-emission and near-zero-emission vehicles by January 1, 2023, and establishing a self-sustaining California market for zero-emission and near-zero-emission vehicles.
- 2) Authorizes DGS to consolidate the needs of multiple state agencies for goods, information technology, and services, and, establish contracts, master agreements, multiple award schedules, cooperative agreements, including agreements with entities outside the state, and other types of agreements that leverage the state's buying power, as specified.
  - a) State and local agencies may contract with suppliers who awarded those contracts without further competitive bidding.
  - b) DGS may make the services of the department available, upon the terms and conditions agreed to, to any city, county, city and county, district, or other local governmental body or corporation empowered to expend public funds for the acquisition of goods, information technology, or services, as specified. The state shall not incur financial responsibility in connection with contracting for local agencies when exercising this authority.
- 3) Establishes the IBank within GO-Biz and authorizes it to undertake a variety of infrastructure related financial activities including, but not limited to, the administration of the Infrastructure State Revolving Loan Fund (ISRF), oversight of the Small Business Finance Center, and the issuance of tax-exempt and taxable revenue bonds.
- 4) Establishes GO-Biz within the Governor's Office for the purpose of serving as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth. In this capacity, the office is authorized to undertake a range of activities, which includes, but is not limited to:

- a) Recommending to the Governor and the Legislature new state policies, programs, and actions, or amendments to existing programs and respond to emerging economic problems and opportunities.
- b) Coordinating the development of policies and criteria to ensure that federal grants administered or directly expended by state government advance statewide economic goals and objectives.
- c) Providing key data to support economic development activities in California, including, but not limited to:
  - i) Economic and demographic data.
  - ii) Financial information to help link businesses with state and local public and private programs.
  - iii) Workforce information, including, but not limited to, labor availability, training, and education programs.
  - iv) Information on tax credits and other incentives.
  - v) Permitting, siting, and other regulatory information pertinent to business operations in the state.
- d) Establish an administrative structure that effectively supports the facilitation of business development and investment in the state.
- e) Encourage collaboration among research institutions, startup companies, local governments, venture capitalists, and economic development agencies to promote innovation.
- f) In cooperation with the federal government, foster relationships with overseas entities to improve the state's image as a destination for business investment and expansion.
- g) Conduct research on the state's business climate, including, but not limited to, research on how the state can remain on the leading edge of innovation and emerging sectors.
- h) Support small businesses by providing information about accessing capital, complying with regulations, and supporting state initiatives that support small business.

**FISCAL EFFECT:** Unknown

**COMMENTS & CONTEXT:**

- 1) **Off-Road Vehicles and Equipment Operations:** In July of 2020, Governor Newsom issued [Executive Order N-79-201](#), which, among other things, directs CARB to develop and propose strategies to achieve 100% zero-emission from off-road vehicles and equipment operations in the state by 2035 where feasible.

In meeting this goal, CARB has initiated a public outreach process. Part of these engagements will include a discussion of existing programs that have been used to advance and increase the adoption of zero-emission technologies in on-road personal and business vehicle applications. In background materials, CARB highlighted programs used to incent the rapid adoption of the cleanest available commercial technologies, including:

- **Carl Moyer Program:** Once technologies are commercialized, the Carl Moyer Program increases the deployment of clean technologies for early fleet and equipment turnover by providing incentives for replacing existing vehicles and equipment with the cleanest available. About \$60 million in funding is available annually. Under the light vehicle program, Carl Moyer provides

funding for up to 85% of the cost to repower engines and up to 100% of the cost to purchase a CARB-verified retrofit device. Public and private entities may apply.

- ***Volkswagen Environmental Mitigation Trust:*** The Trust provides ongoing funding for zero-emission freight and marine projects in California.
- ***Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program:*** This Program funds zero-emission demonstration projects in agricultural applications and provides funding for zero-emission equipment used in agriculture.
- ***Low Carbon Transportation Program:*** This Program focuses on advancing technologies through off-road zero-emission demonstration projects and supports early deployments of off-road zero-emission technologies.

CARB cautions that while many of its off-road demonstration projects have focused on advancing zero-emission technology in freight applications, continued support is necessary for commercialization. CARB believes that additional demonstrations will be necessary to “advance and assess the feasibility of zero-emission technology in other sectors, such as construction and agriculture.” Following commercialization, incentives will also be necessary to increase deployment of zero-emission technology in other sectors such as construction and farm equipment.

- 2) **Regulations to Push ZEV Adoption:** In addition to off-road demonstration projects and the need for incentives to support the transition to zero-emission vehicles, CARB is also pursuing new regulatory controls.

In 2020, CARB identified eight regulations that were currently in place or under development to accelerate the deployment and adoption of zero-emission technologies in off-road applications. Details, as provided by CARB, are provided below:

- ***Locomotives:*** Locomotives are rail transport vehicles that provide the motive power for trains carrying both passengers and/or freight. In the absence of federal action, CARB is developing concepts to reduce criteria pollutants, toxic air contaminants, and GHG emissions for locomotives in-use, idling, and during maintenance activities through the accelerated usage of cleaner locomotive engines, and zero-emission operations, where feasible. New regulations are anticipated to go before the Board in 2022.
- ***Cargo Handling Equipment:*** Cargo handling equipment is any motorized vehicle used to handle cargo or perform routine maintenance activities at California’s ports and intermodal rail yards and including yard trucks (hostlers), rubber-tired gantry cranes, container handlers, and forklifts. CARB is considering amendments to existing rules to include the transition to 100% zero-emission operations starting in 2026.
- ***Zero-Emission Forklifts:*** Forklifts are used in many different industrial sectors, but are most prevalent in manufacturing and at freight facilities, such as warehouse, distribution centers, and ports. CARB is in the process of developing a regulation for Board consideration in 2022 to increase zero-emission forklift deployment throughout the State.
- ***In-Use Off-Road Diesel-Fueled Fleets (Off-Road) Regulation:*** The Off-Road Regulation reduces NOx and PM emissions from diesel-fueled off-road fleets operating in California and zero-emission technology may be used to comply. Future amendments under consideration may

ban older, high-emitting vehicles from fleets and include additional opportunities to encourage and incentivize zero-emission adoption where feasible.

- **Off-Road New Compression-Ignition Engines:** CARB staff is currently plan to propose more stringent emission standards for off-road, land-based diesel engines around 2024. The Tier 5 standards would apply to engines used in farming, construction, and industrial applications in equipment like tractors, excavators, dozers, scrapers, portable generators, and irrigation pumps. CARB notes that they could be implemented as early as 2028 for non-federally preempt equipment. Staff plan to consider efficiency and zero-emission-transitional strategies within the Tier 5 standards and potentially in related rulemakings shortly thereafter.

AB 1110 would get ahead of the implementation of these changes and provide lower cost options for state and local governments in converting fleets to zero emission off-road vehicles and equipment operations, including forklifts and motorized construction or utility equipment.

- 3) **Light Vehicle ZEV Transition:** Zero emission off-road vehicle and equipment operations represent the next waive in the transitioning of California's transportation section to zero emissions. A look at the state of the ZEV transition of light-duty personal transportation may provide some insight and guidance for a more rapid commercialization and adoption of zero emission off-road vehicle and equipment operations.

The California Energy Commission (CEC), in partnership with the Department of Motor Vehicles (DMV), tracks the sale and population of light duty zero emission vehicles. These vehicles include battery-electric, plug-in hybrid electric, and fuel cell electric vehicles. The DMV vehicle registration database contains data on all registered vehicles in California and is updated every April. At the close of 2019, it is reported that there were 566,902 zero-emission light-duty vehicles and 28,462,885 non-zero-emission vehicles. Over 87% of registered light duty vehicles in California at the end of 2019 were powered by gasoline and another 3.8% were powered by a gasoline hybrid.

According to a fact sheet prepared by the California Energy Commission, as of September 30, 2020, there were 70,479 public (43%) and shared private (56.5%) electric vehicle charges in California. Los Angeles had the largest number of DC Fast chargers (capable of recharging 80% capacity in 30 minutes) with 903, followed by Santa Clara (595), Orange (525), Riverside (368), San Bernardino (341), Alameda (334), and San Diego (328). Los Angeles was also the leader in Level 2 (*capable of providing 14 to 35 miles of range per hour of charging*) with 18,254, Santa Clara (18,254), San Diego (6,541), and Orange (4,708).

To assist the state in achieving these numbers relative to light duty on-road vehicles, the state developed and funded a number of electrical vehicle incentives, including incentives for vehicle purchases, funding for infrastructure development, and technical assistance to help buildout the statewide network of charging stations. Early-on CARB identified the slow pace of charging station development as a serious impediment to achieving the state's GHG emission reduction goals. A need for special assistance in building out the state's electric vehicle infrastructure, CARB reached out to GO-Biz and funded several temporary positions. GO-Biz has been very successful in connections within the business community to provide outreach on CARB's search application (<https://driveclean.ca.gov/search-incentives>), which assists individuals and businesses identify ZEV incentives. A review of the Drive Clean platform indicates that there are a range of incentives available from \$150 to \$9,000 per vehicle.

In the last few years, GO-Biz has formalized its ZEV infrastructure activities into a separate unit with a deputy director and five advisors and specialists. Through this unit, GO-Biz can work hand-in-hand with local governments to help meet the Governor's goals of 200 hydrogen fueling stations and 250,000 plug-in electric chargers to support 1.5 million ZEVs in California by 2025. By 2030, the Governor's goal is to have 5 million ZEVs. Among other tools, GO-Biz has developed and continues to update technical assistance documents to facilitate charging station development, including:

- Updated Hydrogen Station Permitting Guidebook
- Electric Vehicle Charging Station Permitting Guidebook
- Electric Vehicle Charging Station Permit Streamlining Map
- Zero-Emission Vehicle Action Plans
- Community Readiness Guidebook

Pursuant to EX N-79-20, GO-Biz developed a marketing strategy. Below is a list of programs the state funded and approved to meet these goals. This information is from the [GO-Biz ZEV Infrastructure Webpage](#):

- ***The California Electric Vehicle Infrastructure Project (CALeVIP)***: This program offers incentives for the purchase and installation of electric vehicle charging infrastructure at publicly accessible sites throughout California. CALeVIP can fund Level 2 and or DC fast charging stations depending on the county/region. [*California Energy Commission*]
- ***The Clean Transportation Program (formerly the Alternative and Renewable Fuel and Vehicle Technology Program)***: This program provides funding for ZEV infrastructure (both EV charging and hydrogen fueling stations). Up to \$100 million is available per year for projects that will “transform California’s fuel and vehicle types to help attain the state’s climate change policies.” [*California Energy Commission*]
- ***Sales and Use Tax Exclusion Program***: This program provides a sales and use tax exclusion for advanced manufacturers and manufacturers of alternative energy source and advanced transportation products, components, or systems. [*California Alternative Energy and Advanced Transportation Financing Authority*]
- ***Electric Vehicle Charging Station Financing Program***: They offer loans for the design, development, purchase, and installation of EV charging stations at small business locations in California. The maximum enrolled loan amount is \$500,000 per qualified borrower. [*California Pollution Control Financing Authority*]

In addition to these electric and hydrogen-powered infrastructure programs, the IBank also offers local governments several options for financing vehicle charging facilities. AB 1110 is a modest step toward what will be the next major step in ZEV fleet transition for state and local agencies. While the programs noted are designed for supporting the transition to ZEV cars and trucks, they indicate the breadths of programs being harnessed to reach the goal. To support the off-road transition, some of these same programs will need to be adapted and funded.

- 4) **Master Service Agreement vs. Leveraged Purchase Agreement**: AB 1110 requires DGS to develop a master service agreement for the bulk purchase of zero-emission fleet vehicles by a public agency. In some cases this may be a useful option, but DGS actually offers a range of purchasing options for state and local agencies, including the leveraged procurement agreement.

Unlike a bulk purchase agreement that requires a significant level of financial and administrative coordination between multiple buyers, a leveraged procurement agreement allows an individual agency to use pre-negotiated, competed, ready to use contracts for products and services from reliable suppliers. These agreements still leverage the state's buying power and volume, thereby lowering costs. Most importantly, state and local agencies gain all these benefits, without having to wait for DGS to coordinate purchasing rounds. A leveraged procurement agreement can be utilized multiple times in a year and is not dependent on other state or local agencies being ready to make a similar purchase. DGS is also already structured to assist individual agencies access financing from a pool of pre-screen lenders.

Having greater flexibility could be especially important given the range of fleet vehicles that an agency may need to convert. AB 1110 includes, within the definition of a zero-emission fleet vehicle, a range of vehicles and off-road equipment, including, but not limited to, a forklift, motorized construction or utility equipment, street sweeper, or other special-use municipal vehicle, an electric bicycle, or an electric cargo bicycle.

- 5) **Background on the IBank:** The IBank was established in 1994 to finance public infrastructure and private development that promotes a healthy climate for jobs, contributes to a strong economy, and improves the quality of life in California communities. Housed within GO-Biz, it is governed by a five-member board of directors comprised of the Director of GO-Biz (chair), the State Treasurer, the Director of the Department of Finance, the Secretary of the Transportation Agency, and an appointee of the Governor. The day-to-day operations of the IBank are directed by the Executive Director who is an appointee of the Governor and is subject to confirmation by the California State Senate.

The IBank is essentially self-funded receiving minimal General Fund support. The IBank uses the fees, interest income and other revenues that derive from its public and private sector financing activities, as the foundation of its operations budget. State contracts to small business financial development corporations (FDCs) are supported through an annual General Fund appropriation of \$1 to \$2 million.

The IBank administers five core programs:

- The Infrastructure State Revolving Fund (ISRF), which provides direct low-cost financing for public infrastructure projects and economic development facilities.
- The Bond Financing Program, which provides tax-exempt and taxable bond financing for manufacturing companies, public benefit nonprofit organizations, public agencies and other eligible entities.
- The California Small Business Finance Center, which assists small businesses access private financing through loan guarantees, direct loans, and performance bond guarantees.
- The California Lending for Energy and Environmental Needs Center or CLEEN Center, which provides financing for environment-related projects to municipal governments, public universities, schools, and hospitals (MUSH).
- The Climate Catalyst Revolving Loan Fund, which is available to receive funds from non-state governmental entities and private sources for the purpose of financing climate catalyst projects that further the state's climate goals. Operationally, the Strategic Growth Council sets the non-

financial program requirements and the IBank serves as the bank. Categories of projects are set by the Legislature in consultation with the Strategic Growth Council.

Since its inception, the IBank has loaned, financed, or participated in over \$40 billion in infrastructure and economic expansion projects, including \$434.8 million in industrial development bonds. This includes over \$822 million to local and state agencies, developing a high-level of expertise in the financing of public infrastructure.

The IBank also serves as the state's only general-purpose financing authority with broad statutory powers to issue revenue bonds, make loans, and provide guarantees. There is no pledge of IBank or state general funds for any of the conduit revenue bonds. Over \$8 billion in conduit revenue bonds have been issued by the IBank since 2015 including \$2 billion in green and clean water projects.

The IBank estimated that, since its inception, it has supported the creation and retention of over 462,000 jobs. This includes over 23,000 from the ISRF program, 41,000 from bond financing activities, and 398,000 through the Small Business Finance Center.

- 6) **Highlights from 2019-20 Annual Report:** In November 2020, the IBank issued its annual report for the 2019-20 fiscal year. Among other activities, the IBank issued more than \$880 million through 10 bonds, including two green bonds. Even working remotely due to COVID-19, the IBank was able to continue issuing bonds. The chart below summarizes key aspects of the IBank’s activities in 2019-20.

2019-20 IBank Activities						
IBank Program	Financing Approved	Financing Closed	Jobs(*)	Amount Approved	Amount Closed	Leverage
ISRF Loans	2	1	0	\$24,300,000	\$143,300,000	\$0
CLEEN Loans	0	0	0	\$0	\$0	\$0
Subtotals	2	1	0	\$24,300,000	\$14,300,000	0
Industrial Development Bonds	0	0	0	\$0	\$0	\$0
501(c) (3) Bonds	10	9	845	\$1,251,370,000	\$607,967,259	\$8,772,667
Public Agency Revenue Bonds	1	1	2,303	\$350,000,000	\$272,605,000	\$0
Exempt Facility Bonds	1	0	0	\$3,250,000,000	\$0	\$0
ISRF Program Bonds	0	0	0	\$0	\$0	\$0
Subtotals	12	10	3148	\$4,851,370,000	\$880,572,259	\$8,772,667
<b>Fiscal Year Totals</b>	<b>14</b>	<b>11</b>	<b>3148</b>	<b>4,875,670,000</b>	<b>\$894,872,259</b>	<b>\$8,772,667</b>
*Jobs include the total number full and part-time jobs, including construction, as reported by borrowers.						
<i>Source: IBank 2019-20 Annual Report</i>						

- 7) **Expanding Role of IBank:** Given the flexibility of its financing capabilities, the IBank is playing an increasing role in the state’s COVID-19 small business recovery efforts, and financier of an expanding range of clean and green infrastructure and economic development projects. In 2020, the Legislature approved several budget-related actions that will further expand the IBank’s scope and capacity which include:
- **Climate Catalyst Revolving Loan Fund:** Establishes a Climate Catalyst Revolving Loan Fund at the IBank to receive funds from non-state governmental entities and private sources for the purpose of making loans for climate catalyst projects that further the state’s climate goals. These moneys are available for expenditure upon appropriation by the Legislature. The Strategic Growth Council will advise the Legislature on categories to fund and a report on the projects funded would be prepared annually.

- ***Expanded and Flexible Debt Authority***: Limits the total amount of rate reduction bonds and bonds issued to finance public development facilities that may be outstanding at any one time to \$15 billion. Currently, the limit for rate reductions bonds is \$10 billion and the limit for bonds to finance public development is \$5 billion. This change does not increase the total authority, rather it combines the limits allowing for more flexibility between the categories.

These authorities are in addition to the funding for California Rebuilding Fund, recapitalization for the Small Business Loan Guarantee Program, and activation of the disaster loan guarantee program. In 2021-22, the Governor is proposing two additional programs, utilizing the newly authorized Climate Catalyst Loan Fund:

- ***Wildfire and Forest Resilience Package***: The Governor is proposing \$47 million in 2020-21 and \$2 million in 2021-22 as a part of a comprehensive package to increase the pace and scale of forest health activities and reduce wildfire risk. This initiative is called the Climate Catalyst Fund and Wood Production Innovation and \$16 million was include in the \$536 million wildfire mitigation funding plan that legislative leadership and the Governor announced on April 8, 2021.
- ***Climate Smart Agriculture***: The Governor is proposing \$50 million to support Climate Smart Agriculture loans to advance projects that may include but are not limited to: methane reduction; equipment replacement; water efficiency; healthy soils; circular economies; on-farm bioenergy; energy efficiency for food processing; and renewable energy systems and energy storage for agricultural operations.

At the federal level, the proposed \$2 trillion Biden American Jobs Plan is anticipated to provide substantial federal funds to jointly fund climate mitigation and public infrastructure needs. Current information on the funding, includes:

- \$621 billion on roads, bridges, public transit, rail, ports, waterways, airports, and electric vehicles to improve air quality, reduce congestion, and limit greenhouse gas emissions (\$115 billion of which is dedicated to roads and bridges);
  - \$85 billion to modernize public transit;
  - \$400 billion to bolster caregiving for aging and disabled Americans;
  - \$300 billion toward boosting manufacturing, specifically semiconductor, medical, and clean manufacturing;
  - \$111 billion to rebuild water infrastructure and replace all of the nation's lead pipes and service lines; and
  - \$100 billion in order to give every American access to affordable, reliable, and high-speed broadband.
- 8) **Proposed Amendments**: Below is a list of amendments the committee members may wish to review when considering the bill.
- a) Relocate the statute creating the OCFA from DGS statute to GO-Biz statute.
  - b) Set a specific date for the first meeting of the advisory committee.
  - c) Require the advisory committee to meet at least annually.

d) Authorize the development of a leveraged procurement agreement, in addition to a master purchase agreement.

9) **Related Legislation:** Below is a list of bills from the current and prior sessions. include the following:

a) **AB 32 (Nunez) Scoping Plan:** This bill enacted the Global Warming Act of 2006, which creates a statewide greenhouse gas (GHG) emission limit that would reduce emissions by 25% by 2020. The scoping plan assumes widespread electrification of the transportation sector as a critical component of every scenario that leads to the mandated 40% reduction in GHG by 2030 and 80% reduction by 2050. Status: Signed by the Governor, Chapter 488, Statutes of 2005.

b) **AB 113 (Boerner Horvath) Tax Credit:** This bill allows a tax credit equal to 40% of the amount paid or incurred in qualified costs by a qualified taxpayer during the taxable year for the installation of specified electric vehicle supply equipment in a covered multifamily dwelling or covered nonresidential building, subject to specified maximum credit amounts. Status: Pending in the Assembly Committee on Revenue and Taxation.

c) **AB 1218 (McCarty) Zero Emission Vehicle Sales:** This bill codifies, as a goal of the state, that 100% of new passenger and light-duty vehicle sales are zero-emission vehicles by 2035, sets interim greenhouse gas (GHG) emission progress standards for manufacturers, and creates a vehicle rebate program for zero-emission and certain low GHG emission vehicles, funded by civil penalties imposed on violations. Status: Pending in Assembly Transportation Committee.

d) **AB 1389 (Reyes) Alternative and Renewable Fuel and Vehicle Technology Program:** This bill makes various changes to the Alternative and Renewable Fuel and Vehicle Technology Program, also known as the Clean Transportation Program. Among other things the bill specifies the following type of projects retained:

- i) Medium- and heavy-duty (MD/HD) vehicles, (including on-road and off-road vehicles), research, pilot, demonstration, and deployment projects that reduce emissions and particulate matter from fleets in the goods movement and public transit sectors.
- ii) Infrastructure deployment, and related workforce training programs, for MD/HD vehicles, utility distribution system upgrades, and grid integration technologies to support those vehicle technologies.
- iii) Programs and projects that support fleet conversion in the goods movement and public transit sector, including projects that support fleets with charging and refueling infrastructure, grid integration, warehouse and supply logistics, maintenance yard and utility upgrades, and technical and analytical support.
- iv) Vehicle fueling infrastructure deployment for multidwellings units, utility distribution system upgrades, and grid integration technologies.

Status: Pending in Assembly Transportation Committee.

e) **AB 1411 (Reyes) Integrated Action Plan for Sustainable Freight:** This bill sets a state goal of deploying 200,000 zero emission medium- and heavy-duty vehicles and off-road vehicles and equipment, and the corresponding infrastructure to support them, by 2030. The bill requires GO-Biz and Caltrans (among others) to develop an integrated action plan by January 1, 2021, to meet this goal. Status: Pending in the Assembly Committee on Transportation.

- f) ***AB 2800 (Quirk) Climate-Safe Infrastructure Working Group***: This bill requires state agencies to take the current and future impacts of climate change into account when planning, designing, building, operating, maintaining and investing in state infrastructure. The bill requires the establishment of a Climate-Safe Infrastructure Working Group to determine how to integrate climate change impacts into state infrastructure engineering. Status: Signed by the Governor, Chapter 580, Statutes of 2016.
- g) ***SB 246 (Wieckowski) Integrated Climate Adaptation and Resiliency Program***: This bill established the Integrated Climate Adaptation and Resiliency Program within the Governor's Office of Planning and Research to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change. Status: Signed by the Governor, Chapter 606, Statutes of 2015.
- h) ***SB 726 (Gonzalez) GHG Reduction Target for Transportation***: This bill requires the development of a comprehensive transportation sustainability strategy and requires the California Air Resources Board to set a greenhouse gas emissions reduction target for the whole transportation sector. The bill also revises and recasts the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, as specified. Status: Pending in Senate Transportation Committee.

## REGISTERED SUPPORT / OPPOSITION:

### Support

350 Silicon Valley  
 American Lung Association in California  
 Amply Power  
 Arrival  
 Association of California Water Agencies (ACWA)  
 California Communities Against Toxics  
 California Interfaith Power and Light  
 California League of Conservation Voters  
 California Municipal Utilities Association  
 California New Car Dealers Association  
 Center for Community Action and Environmental Justice  
 Central California Asthma Collaborative  
 Climateplan  
 Coalition for Clean Air  
 Environmental Defense Fund  
 Lordstown Motors  
 Los Angeles Cleantech Incubator  
 Motiv Power Systems  
 Nextgen California  
 Southern California Edison  
 Spur  
 The Climate Center  
 Union of Concerned Scientists  
 Zev 2030

**Opposition**  
None on File

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