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**SENATE COMMITTEE ON ENVIRONMENTAL QUALITY**

**Senator Allen, Chair**

**2021 - 2022 Regular**

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**Bill No:** AB 1524  
**Author:** O'Donnell  
**Version:** 5/24/2021  
**Urgency:** No  
**Consultant:** Eric Walters

**Hearing Date:** 7/1/2021  
**Fiscal:** Yes

**SUBJECT:** State Air Resources Board: zero-emission drayage trucks: Project 800 initiative

**DIGEST:** Directs the California Air Resources Board (ARB) to extend the Project 800 initiative to provide continued financial incentives to support the ordering of an additional 1,000 to 1,600 zero-emission drayage trucks in 2022. Provides additional legislative intent regarding funding and timing of the initiative.

**ANALYSIS:**

Existing law:

- 1) Establishes the Air Resources Board (ARB) as the air pollution control agency in California and requires ARB, among other things, to control emissions from a wide array of mobile sources and implement the FCAA. (Health and Safety Code (HSC) §39500 et seq.)
- 2) Creates the Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology (Clean Truck) Program administered by the California Air Resources Board (CARB) in conjunction with the State Energy Resources Conservation and Development Commission (CEC). (HSC § 39719.2)
- 3) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury and requires all money collected pursuant to cap-and-trade, with limited exceptions, to be deposited into the fund. (Government Code § 16428.8)
- 4) Upon appropriation of money from GGRF, requires the Clean Truck Program to fund development, demonstration, pre-commercial pilot, and early commercial deployment of zero- and near-zero emission truck, bus, and off-road vehicle equipment technologies. Eligible projects include point-of-sale purchase incentives for commercially available zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies. (Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project, HVIP)

This bill:

- 1) Directs ARB to extend the Project 800 initiative to include an additional 1,000 to 1,600 zero-emission drayage trucks in 2022.
- 2) Requires that funds only be provided if the purchaser or entity operating a zero-emission drayage truck complies with all applicable labor, employment, tax, and health and safety laws.
- 3) States that it is the intent of the Legislature to:
  - a) Provide funding for the extended Project 800 initiative from, but not limited to, HVIP; and
  - b) Have 1,000 to 1,600 zero-emission drayage trucks be ordered by December 31, 2022 and operating at California ports by December 31, 2024.
- 4) Makes findings and declarations regarding the state's zero-emission vehicle goals and the current challenges facing zero-emission truck adoption.

## Background

- 1) *Drayage trucks.* Drayage is the transport of cargo over short distances, such as to and from ports and railyards. Drayage trucks are on-road, typically diesel-fueled, heavy duty (Class 8) trucks. Heavy-duty truck manufacturers are beginning to offer new zero-emission Class 8 trucks in the commercial market today, and more models are coming in the year ahead.

Given their short trips, frequent idling, and geographic concentration, drayage trucks' emissions are a major environmental justice concern. According to a letter from the San Pedro Bay Ports Sustainable Supply Chain Advisory Committee, the ports of Los Angeles and Long Beach handle nearly 40% of the nation's total waterborne imports, and they are serviced by roughly 18,000 heavy-duty trucks annually. Not surprisingly, the communities around those ports are some of the most disproportionately pollution-burdened in the state.

- 2) *Executive Order N-79-20.* On September 23, 2020, Governor Newsom signed Executive Order (EO) N-79-20 which established a goal that 100 percent of California sales of new passenger car and trucks be zero-emission by 2035. In addition, the Governor's order set a goal to transition all drayage trucks to zero-emission by 2035, all off-road equipment to zero-emission where feasible by 2035, and the remainder of medium- and heavy-duty vehicles to zero-emission where feasible by 2045.

- 3) *HVIP*. ARB launched HVIP in 2009 to allow purchasers to buy clean vehicles for their business or fleet with no requirement to scrap their older vehicle. HVIP focuses on on-road heavy-duty advanced technologies with high adoption barriers. The program has been extremely popular. From 2010-2012, nearly half of hybrid and zero-emission trucks and buses in the entire U.S. were purchased through HVIP. In 2018 alone, HVIP received \$176 million in requests – more than all 8 previous years combined.

HVIP's first FY 20-21 funding wave was fully subscribed within the day it became available, committing \$84 million to incentivize the purchase of over 900 vehicles. The remainder of the FY 20-21 funds will be available in August of this year, but notably the program still allows drayage trucks to apply for vouchers at any time before then as well.

The HVIP website lists six zero-emission Class 8 battery electric drayage-capable trucks, each of which is eligible for a \$120,000 incentive voucher. Additionally, HVIP offers an additional 10% on the incentive for vehicles that will be domiciled in disadvantaged communities.

- 4) *Project 800*. With zero-emission heavy-duty trucks becoming increasingly available, we are in a transitional period for advanced clean truck technologies. Recognizing this, ARB launched an effort to support drayage trucks with incentives. According to CALSTART, the administrator of HVIP, "The new Project 800 initiative aims to support the deployment of zero-emission trucks serving California ports by setting a goal of 800 zero-emission drayage truck orders in 2021. These 800 trucks represent a pathway toward jump-starting the sector and paving the way for more zero-emission trucks in the near future."

## Comments

- 1) *Purpose of Bill*. According to the author, "AB 1524 extends the California Air Resources Board's Project 800 initiative to provide funding to support the deployment of an additional 1,000-1,600 drayage trucks in 2022. Expanding Project 800 will help our state make more progress towards the goal of transitioning to zero-emission drayage operations by 2035 and send an important signal to truck manufacturers that they should increase production in anticipation of future demand—setting the state apart as a leader in clean goods movement."
- 2) *Going further, faster*. As introduced, AB 1524 codified the existing Project 800 initiative currently underway. Amendments adopted in the Assembly Appropriations Committee extended the initial goal of at least 800 zero-

emission drayage trucks ordered by June 20, 2022 to now be 1,000-1,600 trucks ordered. While there has not yet been any data released publically on the Project 800 initiative, the fact that EO N-79-20 sets an aggressive goal of 100% zero-emission drayage trucks by 2035 means that increasingly ambitious goals and incentives will be necessary and should be lauded.

- 3) *Protecting workers.* Subdivision (c) of AB 1524 states that the Project 800 initiative funds should only be provided to purchasers or operators who are in compliance with all applicable labor, employment, tax, and health and safety laws at the time of purchase, and that they maintain compliance after. This is a commendable inclusion, but it raises potential complications in enforcement. ARB's authority over air pollution and GHG emissions gives them a clear right to direct vehicle incentives in order to get more zero-emission vehicles on the road, but evaluating and ensuring compliance with all the listed laws is outside their purview. It is the understanding of the committee that the author's office continues to work with a variety of stakeholders about enforcement of these provisions.

Should this bill pass the Senate Environmental Quality Committee today, it will go next to the Senate Transportation Committee. As a consequence of hearing timing, the questions around the extent of ARB's enforcement authority are not yet resolved, but the understanding is they will be addressed in that committee.

### **Related/Prior Legislation**

AB 794 (Carrillo, 2021) establishes labor and workforce standards as a cobenefit of clean air standard vehicle incentive programs and conditions incentive eligibility on first meeting the clean air standard and then by meeting the labor and workforce standards. AB 794 is currently awaiting hearing in this committee.

### **DOUBLE REFERRAL:**

If this measure is approved by the Senate Environmental Quality Committee, the do pass motion must include the action to re-refer the bill to the Senate Transportation Committee.

**SOURCE:** Port of Los Angeles

### **SUPPORT:**

California Association of Port Authorities  
California Hydrogen Coalition

Harbor Association of Industry and Commerce  
Port of Long Beach  
Port of Oakland  
San Pedro Bay Ports Sustainable Supply Chain Advisory Committee

**OPPOSITION:**

None received

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