

California Legislature

April 22, 2019

The Honorable Anthony Rendon
Speaker, State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Budget Committee
State Capitol, Room 6026
Sacramento, CA 05814

Re: Allocating Multi-year Cap-and-Trade Revenues to Clean Medium- and Heavy-Duty Vehicles

Dear Speaker Rendon and Chair Ting,

We, the undersigned Assemblymembers, respectfully request 15 percent of annual Cap-and-Trade auction revenues be allocated in fiscal years 2019-20 through 2024-2025, inclusively, to the California Air Resources Board (ARB) for the *California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program* (SB 1204 Program).

According to the state's *Sustainable Freight Action Plan*, California's freight system is responsible for over one-third of the state's economic productivity, with freight-dependent industries accounting for over \$740 billion in gross domestic product and over 5 million jobs in 2014. As of 2011, 78 percent of California's communities depend on trucks exclusively to move their goods and products.

In order to further progress towards attainment of future air quality and climate goals, ARB has concluded the State will need to deploy zero-emission and near-zero emission medium and heavy duty vehicles. Unfortunately, the state is currently falling short on where it needs to be to transform the freight industry, and overall transportation emissions are still on the rise. As such, the state must invest in emerging technologies that will modernize existing systems, support economic growth, and ensure a healthy, livable environment.

SOLUTION

The SB 1204 Program is dedicated to the research, development, and deployment of advanced near-zero-emission and zero-emission medium- and heavy-duty vehicle technologies. The program is key to deploying advanced clean freight vehicles across all modes of California's freight system – from ports to warehouses to distribution centers. The Program also provides other significant benefits, including cleaning the air while reducing greenhouse gas emissions, attracting private investment and jobs to the state, keeping California on the leading edge of




innovation, and bolstering the growth of a new market segment that is leading to development of an entirely new workforce. The state must double-down on its commitment to transform the freight system by not only increasing Cap-and-Trade revenues allocated to the SB 1204 Program, but by allocating this funding on a multi-year basis.

Multi-year funding is essential to develop and deploy new, cost-effective technologies. Truck manufacturers, for example, need several years to implement a series of investments when bringing new technologies to market. Similarly, fleet operators looking to purchase new technologies schedule the retirement and replacement of their existing vehicles and fueling infrastructure several years in advance. Therefore, in order for public investments to truly transform the industry, manufacturers and fleet operators need the certainty that those investments will be available several years ahead of time. It is critical that the state aligns its funding incentives to these business cycles to help realize a sustainable freight future.

Our communities demand solutions that provide immediate short-term relief to our air pollution burdens while developing a longer-term transformation of the transportation sector. The SB 1204 Program provides a well-balanced environmental and economic solution that every community can benefit from, and we must continue to support the industry with the funding needed to achieve such outcomes.

Thank you for your consideration.

Sincerely,


AD70

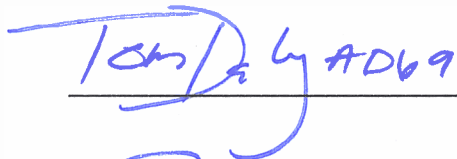

AD47

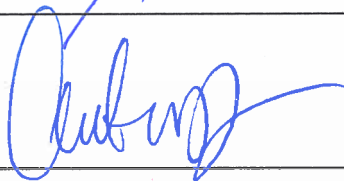

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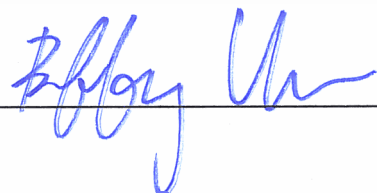

AD48


AD52


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John AD11

Rod SAS AD32

Sandy AD54

RSIC AD16

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Miguel Santiago AD53

Alan Sam AD24
