

3. Finance EBR

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: September 2, 2005
RECOMMENDATION: Veto

BILL NUMBER: AB 1007
AUTHOR: F. Pavley

ASSEMBLY: 51/28
SENATE: 25/11

BILL SUMMARY: Air Quality: Alternative Fuels

This bill would require, by June 30, 2007, the Energy Resources Conservation and Development Commission (Energy Commission), in partnership with the Air Resources Board (Air Board) and in consultation with specified state agencies, to develop and adopt recommendations to increase the use of alternative fuels.

FISCAL SUMMARY

We estimate a cost to the Air Board of approximately \$150,000 to \$200,000 and one limited-term position to fulfill its part of the bill's requirements. We estimate that the Energy Commission would need approximately \$500,000 in contract dollars to evaluate alternative fuel emissions, set goals, and develop and adopt the required recommendations. Depending on the scope and detail of the recommendations, actual costs could be considerably more. The Air Board's costs would be funded either from the Air Pollution Control Fund or the Motor Vehicle Account. The Energy Commission's costs would be funded from the Energy Resources Programs Account or absorbed within its existing budgetary authority.

COMMENTS

The Department of Finance recommends this bill be vetoed because it would infringe on the authority of the Executive Branch to prioritize workload, and because it would result in significant additional costs not reflected in the 2005 Budget Act.

Existing law imposes various limitations on emissions of air contaminants to reduce air pollution from vehicular and nonvehicular sources. The Air Board is the state agency with the primary responsibility for the control of vehicular air pollution. This bill would require, by June 30, 2007, the Energy Commission, in partnership with the Air Board and in consultation with other state agencies, to develop and adopt recommendations for a state plan to increase the use of alternative fuels. The bill would define "alternative fuel" to mean a fuel, including electricity, ethanol, hydrogen, methanol, or natural gas, that, when used in vehicles, has the ability to meet applicable emissions standards.

The bill would require that the alternative fuel recommendations include all of the following:

- Evaluations of alternative fuel emissions.
- Goals for the years 2012, 2017, and 2022 for increased alternative fuel use that maximize the environmental and public health benefits of alternative fuels.
- Recommendations for policies to ensure alternative fuel goals are attained and policy mechanisms to ensure that alternative fuel fueling stations are available.

(Continued)

Analyst/Principal	Date	Program Budget Manager	Date
(0623) M. Almy		Fred Klass	
		<i>[Signature]</i>	9/14/05
Department Director			
<i>[Signature]</i>	9/14/05		

ENROLLED BILL REPORT

Form DF-43 (Rev 03/95 Pink)

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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
AUTHOR **AMENDMENT DATE**

Form DF-43
BILL NUMBER

F. Pavley

September 2, 2005

AB 1007

Code/Department Agency or Revenue Type	SO LA CO RV	PROP 98	FC	(Fiscal Impact by Fiscal Year)			Fund Code
				2005-2006	2006-2007	2007-2008	
3360/Energy Comm	SO	No		See Fiscal Summary			0465
3900/Air Res Bd	SO	No		See Fiscal Summary			0115
3900/Air Res Bd	SO	No		See Fiscal Summary			0044
Fund Code	Title						
0044	Motor Vehicle Account, STF						
0115	Air Pollution Control Fund						
0465	Energy Resources Programs Account						

SUGGESTED VETO MESSAGE

AB 1007

(as amended September 2, 2005)

I am returning Assembly Bill No. 1007 without my signature.

This bill would require, by June 30, 2007, the Energy Resources Conservation and Development Commission, in partnership with the Air Resources Board and in consultation with specified state agencies, to develop and adopt recommendations to increase the use of alternative fuels.

This bill would impose significant unbudgeted costs on both the Energy Commission and the Air Board. The bill's provisions also would infringe on the authority of the Executive Branch to set workload priorities. Like most state entities, both the Energy Commission and the Air Board have limited resources with which to meet their mandates. Both organizations already have the authority to perform the activities specified in this bill, and can do so if they determine this work to be of sufficient priority compared with all of the other mandates under which they operate. Finally, the bill's provisions are duplicative of direction I have already given the Energy Commission and ongoing efforts aimed at determining the best long-term plan to increase California's use of alternative fuels and decrease its dependence on petroleum-based fuels.

For these reasons, I cannot support this measure.