

BILL ANALYSIS

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|SENATE RULES COMMITTEE                |                AB 1660|
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THIRD READING

Bill No: AB 1660
 Author: Pavley (D), et al
 Amended: 7/11/05 in Senate
 Vote: 21

SENATE GOVERNMENT MODERNIZATION COMM. : 6-3, 6/29/05
 AYES: Figueroa, Bowen, Ducheny, Florez, Kuehl, Murray
 NOES: Dutton, Ashburn, McClintock
 NO VOTE RECORDED: Campbell

SENATE APPROPRIATIONS COMMITTEE : Senate Rule 28.8

ASSEMBLY FLOOR : 53-21, 5/19/05 - See last page for vote

SUBJECT : Vehicular air pollution: energy-efficient vehicles

SOURCE : State Controller Steve Westly

DIGEST : This bill enacts the California Energy-Efficient Vehicle Group Purchase Program to encourage the purchase of energy-efficient vehicles by local and state agencies through a group-purchasing program that uses the purchasing leverage of state and local agencies to lower the purchase price of those vehicles.

ANALYSIS :

Existing law:

CONTINUED

AB 1660
 Page

2

1. Generally centralizes in the Department of General Services (DGS) the procurement of goods, services, real estate, property management, and fleet administration, and authorizes DGS to conduct procurements on behalf of local governments and other public entities as a means of reducing state and local government costs through the leveraged purchasing power of the state.
2. Requires DGS, in consultation with the Air Resources Board and the California Energy Commission, to develop standards and specifications for all light-duty vehicles purchased for the state to (a) meet ultra-low emissions vehicle (ULEV) II standards for passenger cars by 2006, and light-duty trucks by 2010, (b) utilize procurement practices that score efficiency and emission characteristics in addition to capital cost so that it could choose vehicles with the lowest life-cycle costs in a vehicle procurement contract, maximize the number of available vehicles that meet the Super ULEV emission standard, and maximize the number of hybrid or "Best in Class" vehicles that are more fuel efficient than the class average, and (c) require state agencies that seek to purchase four-wheel drive vehicles or sport utility vehicles to demonstrate to DGS that the vehicle is needed to fulfill an essential function of the state agency.
3. Requires all state agencies to review existing fleets and upon making a finding that it is fiscally prudent, cost-effective or otherwise in the public interest to do so, to dispose of non-essential four-wheel drive and sport utility vehicles and replace them with more efficient front-wheel drive sedans.
4. Requires state agencies that have bi-fuel natural gas and propane vehicles to actually use alternative fuels in those vehicles.

5. Requires DGS to compile and maintain information about the state vehicle fleet and make that information available to the public through DGS' web site.

This bill:

AB 1660
Page

3

1. Enacts the California Energy-Efficient Vehicle Group Purchase Program (Program).
2. States the intent of the Legislature that the state encourage the purchase of energy-efficient vehicles by local and state agencies through a group-purchasing program that uses the purchasing leverage of state and local agencies to lower the purchase price of those vehicles.
3. Defines "department" and "director," for purposes of the Program, as the DGS and the Director of DGS, respectively.
4. Defines "energy-efficient vehicle," for purposes of the Program and for purposes of provisions #11 and #12 below, as either of the following: (a) a vehicle that meets California's super ULEV standard for exhaust emissions and the federal inherently low-emission vehicle evaporative emission standard, as defined in the Code of Federal Regulations, or (b) a hybrid vehicle or an alternative fuel vehicle that meets California's advanced technology partial zero-emission vehicle standard for criteria pollutant emissions.
5. Defines "local agency," for purposes of the Program, as any governmental subdivision, district, public and quasi-public corporation, joint powers agency, public agency or public service corporation, authority, agency, board, commission, town, city, county, city and county, fire district, special district, school district, public utility, community college, or municipal corporation, whether incorporated or not or whether chartered or not, or any other public entity.
6. Defines "state agency," for purposes of the Program, as any department, division, board, bureau, commission, or other authority of the State of California, the University of California, or the California State University.
7. Establishes in DGS the Program, and requires DGS to negotiate the lowest possible purchase price, with one or more vendors, for energy-efficient vehicles on behalf

AB 1660
Page

4

- of state and local agencies that are interested in obtaining those vehicles.
8. Requires the Director, in administering the program, to do all of the following: (a) establish an advisory committee, no later than April 1, 2006, in cooperation with local and state agencies as defined. Requires the committee to meet at least once no later than 30 days after all members are appointed, and requires the committee to consult with DGS regarding the design of the Program and other matters relating to the purchase of energy-efficient vehicles, no later than July 30, 2006, (b) notify all affected agencies about the Program through DGS' Internet web site and publications, the Internet web sites of appropriate associations, governing boards of local agency associations, and other cost-effective means, (c) negotiate contracts, after consultation with the committee, through competitive means and other appropriate strategies, for the purchase of energy-efficient vehicles at the lowest possible price from one or more reliable vendors, and (d) include a provision in the vendor contract allowing any state or local agency to purchase energy-efficient vehicles directly from the vendor at the contract price.
 9. Permits DGS to recover its actual administrative costs from Program participants.

10. Prohibits anything in the provisions of this bill establishing the Program from being construed as superseding or precluding any similar program that is administered by a district, any other public agency, or any other person.
11. Permits every city, county, and special district, including a school or community college district, on and after January 1, 2006, when awarding a vehicle procurement contract, to evaluate and score fuel economy, in addition to other life cycle factors, in choosing passenger cars or light-duty trucks, or both, with the lowest life cycle cost.
12. Permits every city, county, and special district, including a school or community college district, on and

AB 1660

Page

5

after January 1, 2006, when awarding a vehicle procurement contract, to require that 75 percent of the passenger cars or light-duty trucks, or both, to be acquired be energy-efficient vehicles.

Governor's Executive Order on the Hydrogen Highway Network

In an executive order signed on April 20, 2004, Governor Schwarzenegger ordered that California is committed to achieving a clean energy and transportation future based on the rapid commercialization of hydrogen and fuel cell technologies. Among other things in this executive order, the Governor designated California's 21 interstate freeways as the "California Hydrogen Highway Network," and directed the California Environmental Protection Agency, in concert with the Legislature, to develop a California Hydrogen Economy Blueprint Plan for the rapid transition to a hydrogen economy in California. Additionally, this executive order stated that the California's state vehicle fleet shall include an increasing number of clean, hydrogen-powered vehicles when possible to be purchased during the normal course of fleet replacement.

Prior legislation . SB 552 (Burton), Chapter 737, Statutes of 2003, required state agencies to adopt specified procurement and use policies to increase the fuel efficiency and reduce the petroleum usage of the vehicles leased or owned by the state. The bill also required DGS to begin compiling and maintaining certain information on the vehicles owned or leased by the state, including the number of alternatively fueled or hybrid cars purchased or leased during the year, as well as the total number owned or leased as of December 31.

Related legislation . AB 1357 (Ruskin), pending before the Senate Appropriations Committee, adds to the information that DGS is required to compile and maintain regarding vehicles owned or leased by the state by requiring the information on alternatively fueled vehicles already required to be collected to specifically identify the number of bifuel natural gas and bifuel propane vehicles purchased or leased by the state during the year, the total number owned or leased as of December 31 of each year, and the total amount of fuel used by those vehicles during the year, itemized by type of fuel, as of

AB 1660

Page

6

December 31 of each year.

FISCAL EFFECT : Appropriation: No Fiscal Com.: Yes
Local: No

SUPPORT : (Verified 8/16/05)

State Controller Steve Westly
California Natural Gas Coalition
California School Boards Association
California State Association of Counties
Santa Clara County Board of Supervisors
Sierra Club California
Union of Concerned Scientists

ARGUMENTS IN SUPPORT : This bill is sponsored by State

Controller Steve Westly, who states that this bill will achieve two important policy goals. First, it will formally create a statewide hybrid vehicle purchase program including almost 4,000 local government entities that hopefully will result in more purchases of this technology at a lower price. Second, it will send a signal to the automotive industry that there is a growing market for hybrid vehicles and thereby encourage an increase in production, which will result in future lower costs.

Sierra Club California writes in support that it has long supported increases in the efficiency of our motor vehicles as a means of reducing the emissions that cause global warming, as well as weaning Americans off our addiction to oil. Government should lead the way in this effort, setting a good example and using its purchasing power to build demand for cleaner vehicles.

The California State Association of Counties also supports this bill, arguing that more local agencies would be inclined to purchase such vehicles if the costs were reasonable. The Santa Clara County Board of Supervisors states in support that it believes the County could realize substantial savings by pooling vehicle purchases at a discounted price and reduce air pollution emissions by increasing the use of hybrid and alternative fuel vehicles. The California Natural Gas

AB 1660
Page

7

Vehicle Coalition supports this bill, arguing that light-duty natural gas vehicles, which qualify under this bill's stringent requirements for both very low emissions and high fuel economy, are an excellent option for government fleets.

ASSEMBLY FLOOR :

AYES: Arambula, Baca, Bass, Berg, Bermudez, Blakeslee, Bogh, Canciamilla, Chan, Chu, Cohn, Coto, Daucher, De La Torre, Dymally, Emmerson, Evans, Frommer, Goldberg, Hancock, Harman, Jerome Horton, Shirley Horton, Jones, Karnette, Klehs, Koretz, Laird, Leno, Leslie, Levine, Lieber, Matthews, Montanez, Mullin, Nation, Nava, Negrete, McLeod, Oropeza, Parra, Pavley, Richman, Ridley-Thomas, Ruskin, Saldana, Salinas, Torrico, Tran, Umberg, Vargas, Wolk, Yee, Nunez
 NOES: Aghazarian, Cogdill, DeVore, Haynes, Houston, Huff, Keene, La Malfa, La Suer, Maze, McCarthy, Mountjoy, Nakanishi, Niello, Plescia, Sharon Runner, Spitzer, Strickland, Villines, Walters, Wyland
 NO VOTE RECORDED: Benoit, Calderon, Chavez, Garcia, Gordon, Liu

JJA:mel 8/17/05 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** END ****