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Umberg, Thomas J.
Wieckowski, Bob

California State Senate

TRANSPORTATION



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AGENDA

Tuesday, June 25, 2019
1:30 p.m. -- John L. Burton Hearing Room (4203)

MEASURES HEARD IN FILE ORDER

Consent Calendar one indicated by *

Consent Calendar two indicated by **

- | | | | |
|-----|----------|----------------|---|
| 1. | SCR 46** | Galgiani | Officer Pepe Petersen Memorial Highway. |
| 2. | SCR 56* | McGuire | Annette Brooks Memorial Bridge. |
| 3. | AB 47 | Daly | Driver records: points: distracted driving. |
| 4. | AB 179 | Reyes | New Motor Vehicle Board. |
| 5. | AB 309* | Maienschein | Vehicles that appear to be used by law enforcement: ownership or operation by public historical society, museum, or institutional collection. |
| 6. | AB 516 | Chiu | Authority to remove vehicles. |
| 7. | AB 631* | McCarty | Sacramento Regional Transit District: voting threshold. |
| 8. | AB 753 | Eduardo Garcia | Alternative and Renewable Fuel and Vehicle Technology Program: fuels: fueling infrastructure. |
| 9. | AB 1310* | Reyes | Traffic violator school: fees. |
| 10. | AB 1406 | O'Donnell | Alternative and Renewable Fuel and Vehicle Technology Program. |
| 11. | AB 1413 | Gloria | Transportation: local transportation authorities: transactions and use taxes. |
| 12. | AB 1424 | Berman | Electric Vehicle Charging Stations Open Access Act. |
| 13. | AB 1456* | Kiley | State highways: Route 193: relinquishment. |
| 14. | AB 1457 | Reyes | Omnitrans Transit District. |
| 15. | AB 1475 | Bauer-Kahan | Construction Manager/General Contractor method: transportation projects. |
| 16. | AB 1614* | Gipson | Vehicles: license plate pilot program. |
| 17. | AB 1633* | Grayson | Regional transportation plans: traffic signal optimization plans. |
| 18. | AB 1671* | Berman | Department of Transportation: motor vehicle technology testing. |
| 19. | AB 1810* | Transportation | Transportation: omnibus bill. |
| 20. | ACR 37 | Eduardo Garcia | Marine Corporal Erik H. Silva Memorial Bridge. |

SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: SCR 46 **Hearing Date:** 6/25/2019
Author: Galgiani
Version: 5/7/2019
Urgency: No **Fiscal:** Yes
Consultant: Amy Gilson

SUBJECT: Officer Pepe Petersen Memorial Highway

DIGEST: This resolution designates the a specified portion of State Route 99 in the County of San Joaquin as the Officer Pepe Petersen Memorial Highway.

ANALYSIS:

The committee has adopted a policy regarding the naming of state highways or structures. Under the policy, the committee will consider only those resolutions that meet all of the following criteria:

- 1) The person being honored must have provided extraordinary public service or some exemplary contribution to the public good and have a connection to the community where the highway or structure is located.
- 2) The person being honored must be deceased.
- 3) The naming must be done without cost to the state. Costs for signs and plaques must be paid by local or private sources.
- 4) The author or co-author of the resolution must represent the district in which the facility is located, and the resolution must identify the specific highway segment or structure being named.
- 5) The segment of highway being named must not exceed five miles in length.
- 6) The proposed designation must reflect a community consensus and be without local opposition.
- 7) The proposed designation may not supersede an existing designation unless the sponsor can document that a good faith effort has uncovered no opposition to rescinding the prior designation.

This resolution designates the portion of State Route 99 between Mariposa Road at post mile 16.698 and Arch Road at post mile 14.568 in the County of San Joaquin as the Officer Pepe Petersen Memorial Highway. It requests that the Department of Transportation determine the cost of appropriate signs and, upon receiving donations from non-state sources sufficient to cover the cost, to erect those signs.

COMMENTS:

- 1) *Purpose.* According to the author, "Officer Laurits 'Pepe' Petersen was an icon of local law enforcement after having spent 30 years with the Stockton Police Department. After joining the Stockton Police Department in 1968 as a patrol officer, Pepe Petersen then worked as a detective in the homicide division until his retirement in 1998. Throughout his career, Pepe became especially known for training and mentoring young officers. Upon retiring, Officer Petersen worked for the San Joaquin county District Attorney's Office as an investigator and as a homicide detective, where his work often put killers behind bars and helped victims' families find closure. Tragically, Officer Petersen was fatally stabbed to death during an attack in Cortez Park, Stockton, in 2016. This resolution seeks to recognize and commemorate his dedication to duty and sacrifice for the Stockton community."
- 2) *Background.* Officer Petersen graduated from Stockton High School and completed law enforcement-related courses at San Joaquin Delta College. He served in the United States Army from 1962 to 1964 and joined the Stockton Police Department in 1968. Officer Petersen started work as a patrol officer and then worked as a detective in the homicide division until his retirement in 1998. Then, after retirement, he worked for the San Joaquin County District Attorney's Office as an investigator and as a homicide detective. Officer Petersen died February 23, 2016, after he was stabbed and shot near Cortez Park in the City of Stockton.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

None received.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: SCR 56 **Hearing Date:** 6/25/2019
Author: McGuire
Version: 5/24/2019
Urgency: No **Fiscal:** Yes
Consultant: Amy Gilson

SUBJECT: Annette Brooks Memorial Bridge

DIGEST: This resolution designates the bridge over Jordan Creek on State Highway 101 in the County of Humboldt as the Annette Brooks Memorial Bridge.

ANALYSIS:

The committee has adopted a policy regarding the naming of state highways or structures. Under the policy, the committee will consider only those resolutions that meet all of the following criteria:

- 1) The person being honored must have provided extraordinary public service or some exemplary contribution to the public good and have a connection to the community where the highway or structure is located.
- 2) The person being honored must be deceased.
- 3) The naming must be done without cost to the state. Costs for signs and plaques must be paid by local or private sources.
- 4) The author or co-author of the resolution must represent the district in which the facility is located, and the resolution must identify the specific highway segment or structure being named.
- 5) The segment of highway being named must not exceed five miles in length.
- 6) The proposed designation must reflect a community consensus and be without local opposition.
- 7) The proposed designation may not supersede an existing designation unless the sponsor can document that a good faith effort has uncovered no opposition to rescinding the prior designation.

This resolution designates Bridge Number 04-0208 over the Jordan Creek on State Highway 101 in the County of Humboldt at post mile 46.19, as the Annette Brooks Memorial Bridge. It requests that the Department of Transportation determine the cost of appropriate signs and, upon receiving donations from non-state sources sufficient to cover the cost, to erect those signs.

COMMENTS:

- 1) *Purpose.* According to the author, “This bill commemorates and recognizes the contributions of a significant public servant in Humboldt County and the state of California.” Ms. Annette Kaleialoha Brooks served for 36-years in the Department of Transportation (Caltrans), where she worked through the ranks from toll booth collector to Steel Structural Painter Supervisor. Ms. Brooks was beloved by her coworkers, her community of friends, and family in the City of Rio Dell, and was known for her loving disposition and artistic talent. Ms. Annette Kaleialoha Brooks was murdered at the age of 61 on April 24, 2017 while working at the Caltrans facility.
- 2) *Background.* Annette Brooks was born in Houston, Texas, on June 12, 1955, and graduated in 1973 from Vintage High School in the City of Napa, California. She moved to Rio Dell after working in the San Francisco Bay area, and rose up through the ranks over her 36-year career at colleagues at Caltrans. Her middle name, “Kaleialoha,” means the wreath of love which, the resolution states, describes who she was and how she will be remembered. Annette is survived by her siblings and her nieces and nephews.

FISCAL EFFECT: Appropriation: Fiscal Com.: Yes Local:

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

Humboldt County Board of Supervisors
City of Rio Dell
260 Individuals

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: AB 47

Hearing Date: 6/25/2019

Author: Daly

Version: 5/16/2019

Urgency: No

Fiscal: Yes

Consultant: Amy Gilson

SUBJECT: Driver records: points: distracted driving

DIGEST: This bill requires the Department of Motor Vehicles (DMV) to assess a point on a person's driving record for any conviction of operating a handheld wireless communications device that occurs within 36 months of a prior conviction of the same offense. This modifies the current prohibition on assessing points for these distracted driving violations.

ANALYSIS:

Existing law:

Consequences for driving violations

- 1) Specifies negligent operator point values for various driving violations. For example, reckless driving and driving under the influence are assigned two points while speeding, running a red light, and other traffic convictions involving the safe operation of a motor vehicle are one-point violations, except as specified. (VEH §12810)
- 2) Requires courts to report convictions of vehicle code violations to the DMV, except, for example, for parking violations. Specifies for how long the conviction will be part of a person's driving record, for example, ten years for driving under the influence, seven years of reckless driving, and three years for accident and many other violations. (VEH §1803, §1806, §1808)
- 3) Specifies that a violation received in a commercial vehicle carries 1 1/2 times the point count normally assessed. (VEH §12810.5)

Electronic device distracted driving laws

- 4) Prohibits driving a vehicle while using a wireless telephone unless that telephone is specifically designed and configured to allow hands-free listening and talking and is used in that manner while driving, except as specified such as in the case of emergency (Vehicle Code (VEH) §23123)
- 5) Prohibits driving a vehicle while holding and operating a handheld wireless telephone or an electronic wireless communications device, unless the device is designed to allow voice operated, hands-free operation and is used in that manner, except as specified including:
 - a. manufacturer-installed systems that are embedded in the vehicle
 - b. a single swipe or tap of the driver's finger if the device is mounted. (VEH §23123.5)
- 6) Prohibits drivers under the age of 18 from using a wireless telephone or an electronic wireless communications device, even if equipped with a hands-free device, except as specified (VEH §23124)
- 7) Prohibits a point from being assessed for the three electronic device distracted driving violations described above. (VEH §12810.3)
- 8) Treats violations as an infraction punishable by a base fine of \$20 for a first offense and \$50 for subsequent offenses for all of the above.

Traffic violator schools (TVS) and point masking

- 9) Requires DMV to license TVS to provide traffic safety instruction, either to those who elect to attend or to those who are required to attend, for a violation of the vehicle code. (VEH §11200)
- 10) Provides that completion of TVS may result in the masking of a point and that only one conviction within 18 months will be held confidential. (VEH §1808.7)

This bill requires the DMV to assess a point on a driving record for a conviction related to operating a handheld wireless communications device that occurs within 36 months of a prior conviction of the same offense.

COMMENTS:

- 1) *Author's Statement.* According to the author, "Driving while using a cell phone is a serious safety issue. In 2017, there were 243,760 distracted driving offenses in California related to cell phone use. During that same year, there were 932

collisions – 31 of which were fatal – where distracted driving due to cell phone use was determined as the factor. Currently, driving while using a cell phone results in a small fine (oftentimes less than a parking ticket), which has not proven to change driver behavior. For example, a 2016 study found 7.6% of all drivers were seen to be using their phone while driving, a 2.2% increase from the same study conducted in 2015. Other dangerous driving violations, such as speeding or running a red light, result in a violation point on a driver's record, helping discourage people from taking part in this dangerous behavior. This bill elevates a distracted driving citation to include a violation point during the second or any subsequent violation to help change driver behavior and appropriately account for the severity of these violations.”

- 2) *Cell phone distracted driving is a safety problem.* In 2017, there were 401 fatal crashes, resulting in 434 deaths, reported to have involved cell phone use as a distraction in the United States, amounting to 14% of all fatal distracted driving crashes.¹ These figures have been steady since at least 2013. Driving while using a cell phone has been shown to increase driver reaction time, reduce travel speed, and increase headway distance. Further, crash-risk studies have estimated that cell phone use increases the risk of crashing by roughly threefold. While handhold cell phone use while driving has been on decline in the US, other kinds of cell phone use, texting or other manual manipulation has been not, and 73% of drivers 18-20 years old admitted to texting while driving in an NHTSA survey.²
- 3) *Steps California has taken to try to curb cell phone distracted driving.* Starting in 2006, California enacted a series of laws banning talking on a cell phone while driving unless hands free, banning texting or holding a cell phone while driving, and prohibiting individuals under 18 years old from talking on a cell phone even in a “hands-free” mode. At the direction of Governor Brown, the DMV added a question about cell phone use while driving to the driver license test, and the California Office of Traffic Safety run several public awareness campaigns aimed at younger drivers.
- 4) *Violation points.* Under the Negligent Operator Treatment System program, the Department of Motor Vehicles (DMV) assigns “points” to an individual’s driving record for certain traffic offenses to identify a driver as a negligent operator. DMV assigns points upon receipt of conviction notices from courts and collision reports from law enforcement indicating that the driver contributed, was at fault, or was responsible to any degree for the collision. Each occurrence

¹ U.S. Department of Transportation National Highway Traffic Safety Administration, *Distracted Driving in Fatal Crashes*, 2017, April 2019

² U.S. Department of Transportation National Highway Traffic Safety Administration, *Young Drivers Report the Highest level of Phone Involvement in Crash or Near-Crash Incidents*, April 2012

remains on the driver's record for at least 36 months, depending on the type of conviction. The driver may present credible evidence at an administrative hearing to refute such reports. DMV may suspend an individual's driver's license for six months if they receive four points in one year, six points in two years, or eight points in three years. In severe cases, DMV may revoke the license. For hardship cases, DMV may issue a restricted license rather than suspending or revoking a license.

Violation points vary with the gravity of the offense; for example, a "fix-it" ticket does not count for any violation points, a speeding ticket counts for one violation point, and driving while under the influence of alcohol or drugs counts for two violation points. DMV issues warning letters to negligent operators for each offense. Statute requires DMV to assess one point to any conviction "involving the safe operation of a motor vehicle upon the highway." However, statute explicitly exempts use of a phone while driving from violation points.

- 5) *Potential insurance and employment consequences of points.* Safety infractions can impact a driver's automobile insurance. When an insurance company issues or renews a policy, it obtains the individual's driving record from DMV. When a driver is cited for a single violation point offense, the judge may allow them to attend a traffic violator school. In that case, the conviction is "masked" on the driving record and insurance companies cannot see it. Otherwise, the insurance company can see any violation points and may adjust the driver's premium accordingly or potentially even refuse coverage. A driver may attend traffic violator school once every eighteen months.

A previous version of this bill would have required the DMV to assess a point for each distracted driving conviction. However, the Teamsters, speaking in opposition noted the professional harm that may befall commercial drivers who receive violation points on their driving records. They proposed the policy reflected in the current version of the bill and are now formally in support.

This bill is unlikely to result in many points being assessed for cell phone distracted driving because a driver could mask the point resulting from their second conviction by going to traffic violator school. Therefore, in reality, a person would have to be caught and convicted for the same distracting driving offense three times in 36 months for a point to stick.

- 6) *Base fine vs. actual cost.* Existing law provides that operating a handheld wireless telephone or an electronic wireless communications device while driving is an infraction punishable by a base fine of \$20 for a first offense and \$50 for subsequent offenses. The state Judicial Council annually adopts a

uniform traffic penalty schedule for all non-parking infractions outlined in the Vehicle Code that calculates additional surcharges, penalties, and assessments. According to the uniform traffic penalty schedule, a \$20 base fine is equivalent to a total of more than \$200 and a \$50 base fine is equivalent to a total of more than \$500. The author notes that in 2017, the California Highway Patrol issued more than 47,000 citations for persons holding a wireless device while driving, raising the question of whether an infraction is a sufficient deterrent.

- 7) *This bill changes the consequences for cell phone distracted driving convictions.* Cell phone distracted driving violations carry a fine and are recorded on a person's driver's license record, where they remain for 36 months. In addition to continuing to record each cell phone distracting driving conviction on a person's driver's license record, this bill would require the DMV to assess a point for cell phone distracted driving offenses that occur within 36 months of a prior conviction of the same offense (for example, two texting while driving convictions). For other one-point violations, the point is assessed after only one conviction.
- 8) *Previous attempts to make cell phone distracted driving violations carry a point.* The first bill to ban the use of a cell phone while driving, AB 1613 (Simitian) of 2006, was amended late in the process to explicitly prohibit the assignment of a violation point for the offense. This prohibition has remained intact despite consistent efforts to revoke this prohibition, including through legislation (SB 1030 Newman) that has passed out of this committee as recently as last year. However they have ultimately stalled in the Legislature or, in the case on AB 1646 (Frazier, 2014) been vetoed by Governor Brown, who expressed doubt that the bill was necessary to decrease cell phone and texting while driving at that time.
- 9) *Are violation points an effective deterrent?* The DMV has conducted multiple evaluations of the negligent operator program, through which points are assessed, all of which have deemed the program successful. The negligent operator program includes four intervention levels: a warning letter (Level I); a notice of DMV's intent to suspend the individual's driver's license if the driver is convicted of one more infraction (Level II); an administrative hearing regarding a possible license suspension (Level III); and additional suspension time or possible revocation (Level IV). A report, in 2009 found the program "to be effective in reducing subsequent total crashes and citations of treated drivers." A 2004 report found that "slightly fewer than 32% of the approximately 484,700 drivers who qualified for a NOTS intervention between June 1, 2000 and December 31, 2001 persisted in their negligent driving

behaviors and became eligible for higher-level interventions” beyond Level 1.³

The DMV found that “legislation banning the use of hand-held cell phones while driving seems to have negligible to small positive impact on the behavior, while texting bans may, in some cases, actually lead to more dangerous ‘covert’ texting behavior.”⁴ In some states, initial drops in cell phone distracted driving in the wake of legislation were not sustained over time possibly because the legislation was not accompanied by public education and consistent enforcement. Washington State enacted legislation in 2017 which made distracted driving first offenses reportable to insurance companies, which in California, would be similar to assessing a point on the first offense and saw the rate of observed drivers holding or manipulating cell phones dropped from about 5.7 in 2016 and 2017 to 3.4 in 2018.⁵ Future studies will determine whether these improvements hold.

- 10) *Amendment to delay implementation by one year.* A previous version of the bill delayed implementation until January 1, 2021. This delay is necessary to provide sufficient time for implementation. ***Therefore, the author and committee many wish to consider amending the bill to apply to convictions occurring on or after January 1, 2021:***

12810.3. Notwithstanding subdivision (f) of Section 12810, a violation point shall be given only for a conviction of a violation of subdivision (a) of Section 23123, subdivision (a) of Section 23123.5, or subdivision (b) of Section 23124 that occurs within 36 months of a prior conviction, **occurring on or after January 1, 2021**, for the same offense.

RELATED LEGISLATION:

AB 1698 (Daly, 2018) — would have made driving while operating a wireless communications device punishable by a violation point. This bill died in Assembly Transportation Committee.

SB 1030 (Newman, 2018) — would have made driving while operating a wireless communications device punishable by a violation point. This bill died in Assembly Transportation Committee.

³ State of California Department of Motor Vehicles, *Characteristics of Negligent Operators in California*, May 2004 and *Enhanced Negligent Operator Treatment Evaluation System: Program Effectiveness Report #1 (Summary of Findings)*, June 2009.

⁴ State of California Department of Motor Vehicles, *Cellular Phone Distracted Driving: A review of the Literature and Summary of Crash and Driver Characteristics in California*, October 2014.

⁵ Washington Traffic Safety Commission, *Distracted Driving in Washington State, 2016-2018: Final Results from the Annual Observation Surveys*, November 2018.

AB 1222 (Quirk, Chapter 297, Statutes of 2017) — removes “specialized mobile radio device” and “two way messaging device” as examples of an “electronic communications device” that is prohibited from being used while driving.

AB 1785 (Quirk, Chapter 660, Statutes of 2016) — replaces the existing prohibition on texting while driving with a broader prohibition on operating a cell phone or electronic wireless communications device while driving, unless the device is mounted in a manner that does not hinder the driver’s view of the road and can be operated using a single tap or swipe.

AB 1646 (Frazier, 2014) — would have imposed a violation point for convictions related to the use of a cell phone while driving, and would have required the driver’s license examination to assess knowledge of the dangers of using handheld devices while driving. This bill was vetoed by the Governor.

SB 194 (Galgiani, Chapter 754, Statutes of 2013) — prohibits individuals under 18 years of age from operating an electronic wireless communications device while driving, even if it is equipped with a hands-free device.

AB 313 (Frazier, 2013) — would have repealed the provisions of AB 1536 (see below). This bill failed in the Assembly Appropriations Committee.

AB 1536 (Miller, Chapter 92, Statutes of 2012) — allows drivers to dictate, send, or listen to text-based communications, as long as they do so using technology specifically designed and configured to allow voice-operated and hands-free operation.

SB 1310 (Simitian, 2012) — would have increased the penalties related to using a wireless communications device while operating a vehicle, and would have required the driver’s license examination to assess knowledge of the dangers of texting while driving. This bill was vetoed by the Governor.

SB 33 (Simitian, Chapter 214, Statutes of 2007) — prohibited an individual under 18 years of age from using a wireless telephone or other electronic device equipped with a hands-free device while driving a motor vehicle.

SB 28 (Simitian, Chapter 270, Statutes of 2007) — prohibited an individual from writing, sending, or reading text-based communications while operating a motor vehicle, even if the device is equipped with a hands-free device.

SB 1613 (Simitian), Chapter 290, Statutes of 2006) — made it an infraction for any individual to drive a motor vehicle while using a wireless phone, unless it is

designed and configured to allow hands-free listening and talking and is used in that manner while driving.

Assembly Votes:

Floor	75 – 0
Appropriations	13 – 0
Transportation	13 – 0

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

According to the Assembly Appropriations Committee, “Minor one-time costs (special fund), likely less than \$100,000, to DMV to modify IT systems.”

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

- Automobile Club of Southern California (Sponsor)
- AAA Northern California, Nevada, and Utah
- ABATE of California
- Allstate
- American Property Casualty Insurance Association
- California Association of Highway Patrolmen
- California Police Chiefs Association
- Impact Teen Drivers
- Mobility 21
- National Association of Mutual Insurance Companies
- Orange County Business Council
- Pacific Association of Domestic Insurance Companies
- Personal Insurance Federation of California
- Ricardo Lara, California Insurance Commissioner
- Riverside Sheriffs’ Association
- Santa Ana Police Officers Association
- Southern California Association of Governments
- Teamsters

OPPOSITION:

- Explore Information Services

SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: AB 179 **Hearing Date:** 6/25/2019
Author: Reyes
Version: 5/20/2019
Urgency: No **Fiscal:** Yes
Consultant: Randy Chinn

SUBJECT: New Motor Vehicle Board

DIGEST: This bill revamps numerous statutory provisions regarding the relationship among vehicle manufacturers (franchisors), vehicle dealers (franchisees), and the New Motor Vehicle Board (NMVB).

ANALYSIS:

Existing law:

- 1) Charges the California Department of Motor Vehicles (DMV) with licensing and regulating dealers, manufacturers, and distributors of motor vehicles who conduct business in California.
- 2) Establishes the NMVB within DMV and requires it to hear and decide certain protests presented by a motor vehicle franchisee.
- 3) Allows the NMVB, when determining whether there is good cause for a manufacturer to terminate a franchise, to consider whether the dealer conducted unfair business practices, is injurious to the public welfare, failed to provide for the needs of the consumers for motor vehicles, or failed to comply with the terms of the franchise.
- 4) Prescribes procedures to be followed by franchisors, franchisees, and NMVB regarding claims for warranty reimbursement or incentive compensation.
- 5) Requires every manufacturer to fulfill every warranty agreement and adequately and fairly compensate each franchised dealer for labor and parts used to fulfill the warranty. A copy of the warranty reimbursement schedule or formula must be filed with NMVB, and the schedule or formula is required to be reasonable with respect to time and compensation.

- 6) Allows the NMVB to consider the dealer's effective labor rate charged to its retail customers along with other relevant data in determining the adequacy and fairness of warranty compensation.
- 7) Makes it unlawful for a manufacturer or distributor to require, by contract or otherwise, a dealer to make a material alteration, expansion, or addition to any dealership facility, unless the required alteration, expansion, or addition is reasonable in light of all existing circumstances. In any proceeding in which a required facility alteration, expansion, or addition is an issue, the manufacturer or distributor has the burden of proving the reasonableness of the requirement.
- 8) Prohibits a manufacturer from competing with a dealer in the same line-make operating under an agreement or franchise from a manufacturer or distributor in the relevant market area in a 10-mile radius.
- 9) Allows any determinations of the DMV to be appealed by dealers to the NMVB. The NMVB can reverse or amend these decisions and reverse or amend any penalties imposed.

This bill:

- 1) Revises the criteria for determining the labor rate and allowable hours for which dealers are compensated by manufacturers for warranty work from a reasonableness standard to a specific formula based on actual invoices. NMVB is authorized to adjudicate disputes. Judicial review of NMVB decisions is authorized.
- 2) Prohibits manufacturers from requiring dealers to perform warranty work on vehicle models that are not available to the dealer to sell or lease.
- 3) Prohibits manufacturers from requiring dealers to perform facility upgrades more often than every 10 years if the prior upgrade cost more than \$250,000 with specified exemptions, include upgrades necessary for the sale or servicing of zero- or near zero-emission vehicles.
- 4) Authorizes NMVB to hear complaints from franchisee associations about export and sale-for-resale restrictions imposed by franchisors until 2030.
- 5) Repeals 3052 (WHY: discuss 3052 under existing law section)

- 6) Prohibits manufacturers from discriminating against dealers who sell maintenance contracts, service contracts or similar products which are not approved by the manufacturer.
- 7) Deletes the authority of the NMVB to hear appeals of DMV decisions.
- 8) Prohibits manufacturers from limiting the dealers choice of digital services, as defined.

COMMENTS:

- 1) *Author's Statement.* AB 179 makes changes to the franchise relationship between California New Car Dealers and automobile manufacturers. New car dealers operating as local independently-owned franchised dealerships in our communities employ over 140,000 people in California, and in some communities are the major sources of economic activity. This bill ensure that the balance of power between large multinational automakers and California's new car dealers is a fair and competitive playing field.
- 2) *Frenemies.* The relationship between the auto manufacturers and their dealers is fraught. It is a commercial relationship between businesses that is overlain with many restrictions and requirements sought and fought over by the participants. Solutions to disputes are often brought to the Legislature. As the tech industry focusses its attention on transportation, disruption of the franchised dealer model is sure to come. Tesla, which does not have a dealer network, is the poster child for this. Electric vehicles, which require far less maintenance than traditional cars, pressure dealer margins. An increasingly stratified economy has made car ownership increasingly unaffordable, opening the door to different car sharing, transportation network companies, autonomous vehicles, and active transportation modes such as e-bikes and scooters.
- 3) *Familiar.* The basis for this bill is a similar bill by the same author last year (AB 2107), which was approved by this committee but vetoed. Most of the provisions of this bill are similar or identical to those contained in AB 2107. The biggest difference between the bills is the calculation of the reimbursement rates charged to manufacturers for the warranty work performed by dealers. This provision was fought over last year and was the basis of its veto. The reimbursement rate calculation contained in this bill is less controversial.

Under current law, the NMVB determines the hourly labor rate based on a reasonableness standard that considers the rate dealers charge to retail customers. This bill replaces that standard with a very specific formula with very detailed, almost contractual, criteria. While it is difficult to judge the reasonableness of this formula without knowledge of industry practices, this provision is very similar to provisions contained in agreements between these parties in 34 other states. This provision is not in itself the basis for the opposition.

- 4) *Look Better.* Dealers complain of frequent demands to update their facilities for brand imaging. This bill limits these requirements by deeming facility alterations, expansions, or additions as unreasonable if the facility has been modified in the last 10 years at a cost of more than \$250,000 for the purposes of complying with a manufacturer's brand image program. This limitation does not apply for upgrades necessary for the sale or servicing of zero- or near zero-emission vehicles, and for other reasons as specified. This provision was contained in last years AB 2107.
- 5) *Can't Make Me.* Several of the provisions of this bill stem from a dispute between dealers and a new line of car, Genesis, formerly Hyundai Genesis. Hyundai, seeking to break into the luxury car market, decided to spin off its Genesis car into a new brand of automobiles. According to supporters, manufacturers have told dealers that sold Hyundai Genesis cars that they can no longer service the cars they sold for warranty purposes. Manufacturers are also preventing dealers that sold Hyundai Genesis cars from selling the new Genesis brand. Other dealerships are being told that even though they cannot sell the Genesis, they are required to service them for warranty reimbursements.

In response, this bill makes it unlawful for a manufacturer to refuse to deliver any new vehicles that are of a make or model offered by the manufacturer to other dealers in the state of the same line make. Further, a manufacturer would be prohibited from requiring a dealer to provide service repairs on a vehicle model that is currently not available to the dealer to sell. These provisions were contained in last years AB 2107.

- 6) *Digital Services.* This bill authorizes dealers to utilize their own digital services vendor, provided that the service is approved by the manufacturer. These digital services are intended to be internal business services such as the dealer's website and on-line advertising services. This is not intended to deal with telematics or services within the vehicle. This provision was contained in last years AB 2107.

- 7) *Exports*. In 2015 legislation was passed unanimously to allow the NMVB to hear protests by an association challenging the legality of an export policy of a manufacturer (AB 1178: Achadjian, Chapter 526, Statutes of 2015). That legislation sunset this year. This bill reauthorizes the exact same provisions until January 1, 2030. This provision was not contained in last years AB 2107.
- 8) *Unappealing*. The elimination of the NMVB's authority to hear appeals from DMV decisions, including the provisions of Article 3 beginning with Section 3052, was in response to concerns from the Judiciary Committee that the NMVB was a less friendly consumer forum than the DMV.
- 9) *Trying Again*. Last year's bill dealing with the manufacturer/dealer relationship was vetoed. The Governor's veto message was concerned solely with the warranty reimbursement provisions:

This bill modifies the statutory framework governing the relationship between new car dealers and manufacturers, including establishing a complex formula to determine the rate manufacturers will reimburse dealers for warranty and recall repairs.

Under current law, manufacturers are required to reimburse dealers for warranty and recall repairs at a "reasonable" rate negotiated between the two parties. This framework appears to be working reasonably well and I see no reason to adopt the rather complicated formula authorized in this bill--with perhaps unintended consequences.

- 10) *Double Referred*. This bill has been double referred to the Judiciary Committee.

RELATED LEGISLATION:

AB 2107 (Reyes, 2018) — was nearly identical to this bill. *This bill was vetoed.*

AB 1178 (Achadjian, Chapter 526, Statutes of 2015) — provided that a vehicle manufacturer, manufacturer branch, distributor, or distributor branch cannot take any adverse action against a dealer relative to an export or sale-for-resale prohibition if the dealer causes the vehicle to be registered in a state and collects or causes to be collected any applicable sale or use tax due to the state, as specified.

SB 155 (Padilla, Chapter 512, Statutes of 2013) — modified the relationship between motor vehicle dealers and manufacturers by, among other things, making changes regarding the use of flat-rate time schedules for warranty reimbursement,

warranty and incentive claims, audits, protest rights, export policies, performance standards, and facility improvements.

SB 642 (Padilla, Chapter 342, Statutes of 2011) — modified and expanded the existing statutory framework regulating the relationship between vehicle manufacturers and their franchised dealers.

SB 424 (Padilla, Chapter 12, Statutes of 2009) — regulates actions that vehicle manufacturers may take with regard to their franchised dealers, and allows franchisees that have contracts terminated because of a manufacturer's or distributor's bankruptcy to continue to sell new cars in their inventory for up to six months.

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

From the Assembly Appropriations Committee: Minor costs (New Motor Vehicle Board Account), likely in the tens of thousands of dollars annually, for NMVB to handle an increased number of hearings and the costs associated with protests that go to hearing. NMVB reports additional staff positions are not needed to handle the expected increase in protests.

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

California Conference of Machinists
California Motorcycle Dealers Association
California New Car Dealers Association

OPPOSITION:

Auto Alliance
Civil Justice Association of California
Global Automakers

-- END --

- a) The vehicle is possessed by a federal, state, or local historical society, museum, or institutional collection that is open to the public;
- b) The vehicle is secured from unauthorized operation and is not operated upon a public road or highway.
- c) The prohibition on operation on a public road or highway does not apply to:
 - i. Vehicles of a model year at least 25 years prior to the year of operation, or
 - ii. Instances where the vehicle is being operating within a temporary street closure for a special event when the operation is approved by the local authority having jurisdiction over the street closure.

COMMENTS:

- 1) *Author's Statement.* Museums and police historical societies that promote community relations are at risk of violating California Vehicle Code because the obsolete police cars, which are considered some of their most visible and interesting artifacts, may be technically in violation of the Vehicle Code prohibition against ownership of facsimile law enforcement vehicles that were originally registered after 1979.
- 2) *Why?* This bill arose because in San Diego local officials determined that current law prohibited the local police historical association from displaying post-1979 marked police cars. Supporters note that antique police cars are often used at community relations events and recruiting fairs.
- 3) *Technical Amendment.* In addition to historical societies and museums, the bill allows vehicles possessed by "institutional collections" to possess marked police vehicles. It is not clear what an "institutional collection" is and there is no legal definition. **The author may wish to consider** deleting this phrase as it is unnecessary to the purpose of the bill.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

California Association of Museums
California State Sheriffs Association
Napa Police Historical Society
PORAC
San Diego Police Historical Association

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 516	Hearing Date:	6/25/2019
Author:	Chiu		
Version:	6/18/2019 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Manny Leon		

SUBJECT: Authority to remove vehicles

DIGEST: This bill removes and modifies the authorization to tow a vehicle by law enforcement and/or a local public agency under various circumstances.

ANALYSIS:

Existing law:

- 1) Authorizes a peace officer to tow a vehicle for a variety of reasons including, but not limited to, whether the vehicle has five or more unpaid parking tickets or traffic tickets, was parked in one place for more than 72 hours against a local ordinance, registration has lapsed by more than 6 months. (V.C. 22651)
- 2) Allows a local authority, if a vehicle was towed for unpaid parking tickets or traffic violations, to sell an unclaimed vehicle for the purposes of recovering lost revenue, but makes the parking tickets and traffic tickets subordinate to the towing and storage costs. (V.C. 22851.1)
- 3) Authorizes a peace officer to install an immobilization device on vehicles for having five or more unpaid parking tickets or traffic tickets. (V.C. 22651.7)
- 4) Establishes a process that allows certain individuals that meet specified criteria in possession of outstanding parking citations to repay their fines and penalties, as specified. (V.C. 40220)

This bill:

- 1) Makes findings and declarations relative to the impacts of vehicular towing on low-income and homeless individuals.
- 2) Repeals the authority that allows peace officers to tow vehicles for having five or more delinquent parking violations.

- 3) Modifies the authority to tow a vehicle parked or left standing for 72 or more hours by first requiring a notice to be placed on the vehicle allowing the vehicle to remain parked or left standing for a minimum of 10 additional business days prior to being towed.
- 4) Repeals existing law allowing for an immobilization of a vehicle that has five or more unpaid parking or traffic tickets.
- 5) Repeals the authority to conduct lien sales on vehicles towed for parking penalties to cover towing and storage expenses, as specified.
- 6) Makes various technical and conforming changes.

COMMENTS:

- 1) *Author's statement.* According to the author, "Towing is a stressful and unpleasant experience for anyone, but for tens of thousands of Californians each year, towing has a devastating economic impact. There are many good reasons for cars to get towed, such as for public safety reasons or traffic flow, but there are 3 "poverty related tows" that solely target Californians for minor offenses based on their income. These are tows for unpaid parking tickets, an outdated car registration or for when a car has been legally parked for 72 hours on a public street. If you can't afford to pay your parking tickets or car registration, or afford private parking, you can't afford hundreds or thousands of dollars to get your car out of a tow yard. This results in low-income Californians losing their cars, their ability to get to work, their jobs, and even their shelter. Tow yards lose money having to cover the costs of towing, storage and lien sales. And cities lose money as they never recoup the original debts from car-owners. Low income people lose - tow yards lose - local governments lose. This bill simply stops this vicious cycle that isn't working for anyone."
- 2) *Towed into Debt.* A report published in 2019 by the sponsors titled *Towed into Debt: How Towing Practices in California Punish Poor People*, notes how California's cities attempt to regulate parking have resulted in disproportionate punishments for low income individuals. Based on an analysis of eight California cities, the report estimated that one fourth of all tows conducted are because the owner had unpaid parking or traffic tickets, lapsed registration, or for being parked in one place for 72 hours. Vehicles towed for these reasons are 2 to 6 times more likely to be sold at a lien sale than the average towed cars. The report noted that 50% of the vehicles towed in San Francisco for unpaid parking tickets and 57% of the vehicles towed for lapsed registration were sold

by the tow companies, compared to only 9% of other vehicles that were towed for other reasons. In 2016, the City of San Francisco ordered more than 42,000 tows and sold more than 5,300 vehicles in lien sales. In total, the report estimated that public agencies in California towed nearly one million vehicles in 2016.

- 3) *Towing Rates.* The general cost of towing and impound fees have been widely reported. Rates vary by locality based on the agreement local agencies enter with towing companies. For example, a random search of towing and storage rates for three cities in California finds that for the City of Long Beach the basic tow rate is \$195/hour, the vehicle release fee is \$43, and the daily storage fee is \$55. For the City of San Jose the basic tow rate is \$215, the release fee is \$122, and the daily storage fee is \$87.50, and for the City of Los Angeles the basic tow rate is \$133/hour, the release fee is \$115, and the daily storage fee is \$41.50. As these rates can translate into hundreds of dollars in a matter of days, it has been noted by many stakeholders that these rates have the greatest negative impact on low-income individuals. In response to these rates, some localities have considered payment alternatives. For example, the City of San Francisco in 2018 implemented a payment installment plan and certain fee waivers for qualified low-income individuals.
- 4) *Effective deterrent.* While the high costs of towing and impoundment has been widely reported, studies have shown vehicular towing and impoundment serve as an effective deterrent for a variety of traffic violations. For example, the Center for Disease Control and Prevention evaluated six studies relative to states that impose towing and impoundment laws and found in majority of the studies, these laws were effective in changing the behavior of motorist with respects to driving under the influence. Furthermore, the American Automobile Association notes, “research has demonstrated vehicle impoundment to be consistently effective in reducing DUI offenses among convicted impaired drivers. Vehicle impoundment helps reduce the drivers’ likelihood of re-offending even after other sanctions have been completed.” With respects to towing a vehicle for expired vehicle registration, the California Highway Patrol reports 17,780 have been towed between July 1, 2018 to May 29, 2019.
- 5) *Assistance.* Over the past five years, the Legislature has passed a variety of measures to allow individuals experiencing financial hardships to pay down and/or remove penalties and fines associated with parking and certain traffic violations. In 2015, Hertzberg, SB 405 (Chapter 385, Statutes of 2015) eliminated the requirement to pay all penalties and fines for certain traffic violations up front and allowed an individual to schedule a court hearing prior to payment. SB 405 aimed to remedy an issue many low-income individuals

were experiencing with driver's license suspensions associated with unpaid traffic violations. In 2017, AB 503, Lackey, (Chapter 741, Statutes of 2017) provides individuals experiencing financial hardships the opportunity to pay down unpaid parking citations through an installment plan if certain conditions are met.

This bill aims to address several of the issues identified in *Towed into Debt* relative to the impacts associated with vehicular towing and low-income/homeless individuals. Specifically, for a vehicle identified to be parked longer than 72 hours, the bill requires a local agency to provide notification and an additional period prior to towing, removes the ability to tow a vehicle that has been issued five or more parking tickets, and removes the ability to immobilize a vehicle that has been issued five or more parking tickets. However, while the provisions specified in this bill may in fact provide assistance for certain individuals who undoubtedly warrant support, it's also important to note that the provisions specified in this bill apply to *all* vehicles throughout the state regardless of an individual's ability to pay.

- 6) *Support.* Writing as co-sponsors to the bill, the Western Center on Law and Poverty notes, "we are a co-sponsor of AB 516 (Chiu) to reduce the number of Californians losing their vehicles due to minor Vehicle Code infractions. We remain in support of the bill, as amended, to eliminate towing for having 5 or more unpaid parking tickets and to extend the time before a car can be towed for being parked on a public street to 10 days.

For the last half dozen years, our organization and other legal service groups have been documenting the devastating impact that traffic violations, parking violations, juvenile fines and bail have on low income Californians. Fines and fees for even routine violations can run into the hundreds of dollars and if a person cannot afford to pay, the costs can exceed \$1,000 quickly. Fortunately, California has been a national leader in addressing the disproportionate impact that these policies have caused and our state is a better place for the quick responses by California's policymakers."

The Western Center further writes, "losing a vehicle due to towing has a devastating impact on poor Californians. When a person gets their car towed they are faced with three unappealing choices. One, they can spend the little money they have to pay off the fines and fees, pay the release fee to local law enforcement and then pay off the towing and storage costs. But as the Federal Reserve notes 46 percent of Americans can't afford an unexpected \$400 bill let alone a tow costing \$1,000 or more. If they pay off the towing costs, it likely

means the family is not paying other bills which simply extends the crisis to another aspect of the family's life. For many this can lead to an eviction.”

- 7) *Opposition.* Writing in opposition to this measure, the League of California Cities notes, “League of California Cities regrettably remains Opposed to AB 516 (Chiu), a measure that would eliminate the ability for cities and law enforcement to adequately enforce state and local vehicle violations. AB 516 also harms the ability for cities to prevent the improper storage of private vehicles on public streets, which can create and/or exacerbate blight and public safety hazards, especially in disadvantaged communities.”

The League further writes, “in some cities, complaints of abandoned vehicles and/or improperly stored vehicles are made every five minutes. In most cities, a low percentage of vehicles are actually towed for these violations, usually far in excess of 72 hours. 72-hour parking time restrictions are a key element in city efforts to protect the public right of way. Protection of the public right of way allows for residents to access the various facets of a city, including residential neighborhoods, government services, local businesses, and city attractions. Ensuring residents and visitors have access to their own homes or those of their relatives, city hall, parks, libraries, retail, restaurants, and cultural epicenters benefit from the city adequately enforcing these basic restrictions. Residential neighborhoods and major business corridors already struggle with limited parking spaces and will continue to struggle as communities densify, making parking enforcement much more essential.”

- 8) *Double Referral.* This bill is also referred to the Senate Committee on Public Safety.

RELATED LEGISLATION:

AB 2544 (Lackey, Chapter 494, Statutes of 2018) and AB 503 (Lackey, Chapter 741, Statutes of 2017) — requires processing agencies to take several steps prior to asking DMV to collect their unpaid debt from indigent individuals, including establishing a payment program and waiving late fees and penalty assessments.

SB 405 (Hertzberg, Chapter 385, Statutes of 2015) — requires courts to allow individuals to schedule court proceedings, even if bail or civil assessment has been imposed, and made clarifications to the traffic amnesty program.

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

Assembly Votes:

Floor: 49-11

Approps: 18-0

Trans: 12-0

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

- Western Center on Law and Poverty (Sponsor)
- Homeboy Industries
- National Association of Social Workers- California Chapter
- Rubicon Programs
- Stronger California
- Equal Rights Advocates
- Law Foundation of Silicon Valley
- Courage Campaign
- Senior & Disability Action
- Disability Rights Advocates
- American Civil Liberties Union of California
- National Lawyers Guild
- Lawyers Committee for Civil Rights of the San Francisco Bay Area
- California Voices for Progress
- San Francisco Public Defender
- East Bay Community Law Center
- Law Enforcement Action Partnership
- Immigrant legal Resource Center
- Tipping Point Community
- Public Counsel
- Insight Center for Community Economic Development "Insight"
- Legal Services of Northern California
- Public Law Center

OPPOSITION:

- California Downtown Association
- City of Los Angeles
- City of Sacramento

City of San Jose (unless amended)
League of California Cities
San Jose Downtown Association

-- END --

SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: AB 631 **Hearing Date:** 6/25/19
Author: McCarty
Version: 2/15/2019
Urgency: No **Fiscal:** No
Consultant: Manny Leon

SUBJECT: Sacramento Regional Transit District: voting threshold

DIGEST: This bill reduces, from 80% to 67%, the nonweighted voting threshold of the Sacramento Regional Transit District (SacRT) board in order to authorize the detachment of territory from SacRT.

ANALYSIS:

Existing law:

- 1) Establishes the SacRT Act, which governs the powers and functions of SacRT; establishes SacRT's territory, board of directors, and planning duties; and, authorizes SacRT to issue general obligation bonds and revenue bonds, as specified.
- 2) Specifies that a city or county that is not annexed to SacRT may become a participating entity that is entitled to make at least one appointment to the Board, if they enter into an agreement with SacRT to pay their proportional share of costs to provide rail or other district-wide transit services to the entity, and SacRT agrees to maintain a specified level of service and is not obligated to provide transit services along any particular route or location.
- 3) Specifies that territory within SacRT may be detached from SacRT by a supermajority vote of the board of directors, which shall be at least 80% of the nonweighted vote of the existing SacRT board, and by a majority vote of the governing body of the territory proposed to be detached.
- 4) Specifies that the detached territory shall not be relieved from liability for taxation for the payment of any bonded indebtedness existing at the time of detachment, and that all other pending legal and financial obligations have been resolved by mutual agreement.

This bill reduce the SacRT's board supermajority vote requirement from 80% to 67% for purposes of detaching a territory from the district, as specified.

COMMENTS:

- 1) *Author's statement.* According to the author, "The Sacramento Regional Transit District (SacRT) is the Capitol region's largest public transit provider. It provides transit options across the region, including to those who have no other transportation options. AB 631 will allow SacRT to strengthen partnership across the region and create a more robust transit service to all."
- 2) *SacRT.* SacRT commenced transit service in 1973 in Sacramento County. SacRT currently operates over 70 bus routes (fixed-route, microtransit and dial-a-ride), 43 miles of light rail, and ADA paratransit services with 3,100 bus stops and 52 light rail stations all within a 400 square-mile service area throughout Sacramento County. SacRT employs a work force of approximately 941 people, 77 percent of whom are dedicated to operations and maintenance of the bus and light rail systems.
- 3) *Annexation Agreements.* SacRT is currently in the process of executing annexation agreements with a number of cities including Citrus Heights, Elk Grove, and Folsom to become full participating members of SacRT. Several years ago, the annexation and detachment process for SacRT was overhauled by AB 738 (Gaines), Chapter 335, Statutes of 2015. The current process of a majority vote of the board of the agency seeking detachment and 80% of a nonweighted SacRT board vote was created by that bill. To date, the detachment provisions enacted in AB 738 have not been exercised. However, at the time AB 738 was enacted, the annexation agreements between SacRT and the three cities had minimal traction. With three additional cities now becoming participating members, this bill aims to provide some flexibility to participating members (including the three abovementioned cities) and SacRT in the event that a participating member requests being removed from SacRT's service area.

RELATED LEGISLATION

AB 738 (Gaines, Chapter 335, Statutes of 2015) — Made changes to SacRT's boundaries and establishes a new process for the annexation and detachment of territory.

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

Assembly Votes

Floor: 76-0

LGov: 8-0

**POSITIONS: (Communicated to the committee before noon on Wednesday,
June 19, 2019.)**

SUPPORT:

City of Citrus Heights

SacRT (Sponsor)

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 753	Hearing Date:	6/25/19
Author:	Eduardo Garcia		
Version:	5/20/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Randy Chinn		

SUBJECT: Alternative and Renewable Fuel and Vehicle Technology Program:
fuels: fueling infrastructure

DIGEST: This bill requires the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) program under the California Energy Commission (CEC) to continuously budget at least 20% of its funds for projects that produce alternative and renewable low carbon fuels and at least 10% of its funds to research, develop, produce, and deploy innovative and emerging fuels.

ANALYSIS:

Existing law:

- 1) Establishes the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) program under the California Energy Commission (CEC) with the purpose of developing and deploying innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change polices.
- 2) Provides about \$100 million annually from smog abatements, portions of the annual vehicle registration fee, a fee for special identification plates, and a fee for vessel registration, to fund the ARFVTP until January 1, 2024.
- 3) Establishes 12 criteria for the CEC to consider in allocating the ARFVTP funding.
- 4) Establishes 13 categories of projects which are the only categories eligible for funding.
- 5) Notwithstanding the above criteria and categories, the CEC is required to allocate \$20 million annually to fund hydrogen fueling stations.

This bill:

Requires the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) program under the California Energy Commission (CEC) to continuously budget at least 20% of its funds for projects that produce alternative and renewable low carbon fuels and at least 10% of its funds to research, develop, produce, and deploy innovative and emerging fuels.

Priority shall be given to projects that demonstrates a minimum of three of the following:

- Maximizes local workforce and economic benefits
- Produces multiple environmental and public health cobenefits
- Leverages additional public or private funding
- Utilizes feedstocks derived from in-state-sourced waste streams
- Distributes innovative and emerging fuel capable of achieving cost-effective reductions in emissions of greenhouse gases and criteria air pollutants on a dollar-per-metric-ton basis

Defines “innovative and emerging fuel” to mean a transportation fuel that meets all of the following:

- The quantity of consumption in the state of the renewable fuel is not expected to exceed the energy equivalent of 30,000,000 gallons of petroleum-based fuel
- The carbon intensity of the renewable fuel is capable of meeting a carbon intensity value of at least 60 percent lower than the petroleum-based fuel baseline carbon intensity value pursuant to the Low-Carbon Fuel Standard regulations
- The renewable fuel production technology is at technology readiness level 6 or greater, as defined in the federal Department of Energy’s Technology Readiness Assessment Guide.
- The renewable fuel produces lower levels of emissions of criteria air pollutants than petroleum-based fuels.

COMMENTS:

- 1) *Author’s Statement.* There is inconsistent or inadequate funding available for fuel infrastructure and production, which has a particularly harmful impact on innovative and emerging fuels attempting to break into the market. This bill will address those funding challenges in a manner that encourages the creative,

entrepreneurial spirit of businesses who are inventing new ways to help transition our state away from petroleum-based fuels and toward our ambitious climate targets.

- 2) *Background on ARFVTP.* AB 118 (Núñez) Chapter 750, Statutes of 2007, established the ARFVTP, which is administered by CEC, and provides funding for development and deployment of alternative and renewable fuels and advanced transportation technologies to reduce GHG emissions and help attain the state's climate change goals. This program is funded at \$100 million annually through surcharges on vehicle registration fees, a portion of the vessel registration fee, a portion of the Smog Abatement Fee (paid to register vehicles less than six model years old and therefore exempt from smog check), and an increase in the fee for identification plates for various types of vehicles, such as logging vehicles operated on public roads. As part of the ARFVTP, CEC prepares and adopts an annual investment plan that identifies the funding priorities for the coming fiscal year. That process includes input from an advisory panel comprised of a broad cross section of stakeholders, including industry and trade groups. It is a very competitive program with only 20% of proposals awarded funding.
- 3) *Where the Money Goes.* In general, CEC makes awards based on four program categories. As of December 1, 2018, CEC has awarded 21% for Alternative Fuel Production, 35% for Alternative Fuel Infrastructure, 31% for Alternative Fuel and Advanced Technology Vehicles and 13% for Related Needs and Opportunities (e.g. manufacturing, workforce training, and regional planning).
- 4) *Too Specific?* The selection criteria established in this bill are very specific, relating to the capacity, readiness, and physical characteristics of the fuel. The intent seems to be to focus on newer, cleaner technologies. Rather than invoke such specific criteria and suffer whatever unintended consequences may result, it may be preferable to articulate policies and then let the CEC develop the specific regulations based on public and expert input.
- 5) *It's Working.* One of the main supporters of this bill, Oberon Fuels, has been seeking funding from the ARFVTP for several years. In June the company was awarded \$3 million, which seems to indicate that the CEC program works.
- 6) *Already a Winner.* The hydrogen fuel industry, one of the main supporters of this bill, is already one of the largest awardees of the program benefitting from an ongoing statutory set-aside of 20% of the program funds for deployment of hydrogen fueling stations. The perils of a statutory set-aside are illustrated by a fire earlier this month at the hydrogen production facility in Santa Clara, which

has created severe shortages in northern California. Whether that facility returns to production or not, 20% of the ARFVTP will be spent on additional hydrogen fueling stations. Better uses of those funds cannot be considered.

- 7) *A Fairer Contest.* The reason the ARFVTP is administered by the CEC, rather than the Legislature appropriating specific project funding each year, is that the CEC can establish a process for hearing from all relevant industries, discuss technology and market evolution with industry experts, and weigh the different proposals against each other. And each year as technology and markets evolve, the CEC can have a fresh competition as new proposals emerge from the dynamic renewable fuel industry. Establishing a statutory set-aside for any one industry predetermines the outcome of the awards process without evaluating whether that set aside is better for California's environmental or policy goals. It is similar to creating a budget: An individual budget item may look meritorious in a vacuum, but it would make no sense to fund that item without considering all the other budget proposals and prioritizing based on resources and consistency with state goals. Creating a continuous appropriation, as this bill does, should require an even higher level of scrutiny.

The Legislature has no ability to evaluate the set aside for the types of projects proposed by this bill against proposals for any other worthy industries or projects because there has been no solicitation of those industries for competing projects. The Legislature also lacks the technical capacity to perform such an evaluation. Moreover, the set aside locks in funding for years irrespective of changes to markets and technologies over time, causing limited funding to be spent in inefficient or wasteful ways.

Were this bill and AB 1406, a related bill creating a set aside for 10% of the ARFVTP funds, enacted, 60% of the ARFVTP funds would be statutorily directed for specific purposes, leaving only 40% for a truly competitive program.

- 8) *Not Zero Emissions.* California is not on track to meet its greenhouse gas emission reduction goals in the transportation sector. Potential solutions, which include reducing vehicle miles travelled, have been controversial. Less controversial is supporting zero emission vehicles. Opponents are concerned that the vehicles supported by this bill are not zero emission.
- 9) *A New Day with Clearer Direction.* The ARFVTP program allocates \$100 million annually to help California meet its GHG reduction goals. As the effects of climate change become more pronounced and severe, the need to effectively focus California's efforts is greater than ever. The 12 statutory

criteria for the program are all individually laudable but collectively so diverse as to provide the CEC with very broad latitude and therefore no effective policy direction. A better way to improve the ARFVTP program may be to hold this bill, as well as AB 1406 which deals with this same subject. The committee could then engage with relevant stakeholders and the CEC to refocus this program with clearer legislative direction and performance metrics.

10) *Double Referral*. This bill was also referred to the Senate Committee on Environmental Quality.

RELATED LEGISLATION:

AB 1406 (O'Donnell) — would require CEC to allocate at least 10% of the ARFVTP funding for alternative fuel and advanced technology vehicles. *AB 1406 is pending in the Senate Transportation Committee.*

AB 1697 (Bonilla), Chapter 446, Statutes of 2016 — expanded the criteria for funding programs through the state's ARFVTP to include workforce training.

SB 32 (Pavley), Chapter 249, Statutes of 2016) — required ARB to ensure that statewide GHG emissions are reduced at least 40% below 1990 levels by 2030.

AB 8 (Perea), Chapter 401, Statutes of 2013) — extended until January 1, 2024, the fees that support the ARFVTP.

AB 118 (Núñez), Chapter 750, Statutes of 2007) — created the ARFVTP to provide funding measures to specified entities to develop and deploy technologies and alternative and renewable fuels in the marketplace to help attain the state's climate change policies.

AB 32 (Núñez, Chapter 488, Statutes of 2006) — required ARB to develop a plan of how to reduce emissions to 1990 levels by the year 2020.

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

1) From the Assembly Appropriations Committee: Ongoing annual ARB costs of approximately \$725,000 (GGRF) to develop guidelines and for tracking, reporting and developing quantification methods over the course of the Program.

2) CEC costs are absorbable.

**POSITIONS: (Communicated to the committee before noon on Wednesday,
June 19, 2019.)**

SUPPORT:

California Advanced Biofuels Alliance
Clean Energy
CR&R Environmental Services
Global Automakers
Golden Gate Zero Emission Marine
H2B2 USA LLC
H2Safe, LLC
Hitachi Zosen INOVA
ITM Power
Johnson Matthey
Loop Energy Inc.
Millennium Reign Energy
Nel Hydrogen
Oberon Fuels
Pacific Ethanol, Inc.
PDC Machines
Plug Power
Propel Fuels
Red and White Fleet
Solar Wind Storage
SunLine Transit Agency
US Hybrid
Vinjamuri Innovations LLC
Winkelmann Flowform Technology

OPPOSITION:

California Electric Transportation Coalition
Sierra Club California

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1310	Hearing Date:	6/25/2019
Author:	Reyes		
Version:	6/17/19 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Manny Leon		

SUBJECT: Traffic violator school: fees

DIGEST: This bill makes various changes to the installment payment program pertaining to traffic violator school.

ANALYSIS:

Existing law:

- 1) Permits the court for purposes of when a person is convicted of an infraction, to allow a person to pay fines within a certain period of time or in installments, as specified. Further allows the court to consider a person's ability to pay fines for moving violations if certain criteria is met. (V.C. 42003)
- 2) Authorizes the court, for penalties involving fines, to allow defendants to make payments within a specified time or in specified installments in order to enroll in traffic violator school, as specified. (V.C. 42007)
- 3) Authorizes the clerk of the court to collect a \$35 administrative fee to cover administrative and clerical costs associated with the installment program. (V.C. 42007)
- 4) Authorizes the court to impose penalties when a promise to appear in court is violated or an installment payment is missed, including jail time and a civil assessment of up to \$300. (V.C. 42007)

This bill:

- 1) Extends the length of time an individual is granted the ability to make installment payments to pay off a traffic fine from 90 days to 180 days.

- 2) Removes the administrative fee required to participate in an installment payment plan.
- 3) Removes the ability for a court to issue an arrest warrant for failure to pay.
- 4) Requires the court to waive the fees associated with the moving violation if the person agrees in writing to perform community service as prescribed by the court.
- 5) Limits the court's ability to issue a civil assessment for missing an installment payment to only those who willfully fail to make a payment without good cause.

COMMENTS:

- 1) *Author's statement.* According to the author, "AB 1310 which equalizes access to traffic school by modifying the payment plan options for lower income drivers who want to participate in traffic school. AB 1310 simply extends the payment period from 90 days to 180 days to allow lower income Californians the benefit of participating in traffic school and it removes the ability of the court to issue an arrest warrant for failing to pay an installment payment. However, a \$300 civil assessment can still be issued by the court if the failure to pay was willful and without good cause."
- 2) *Traffic Violator School.* Traffic violator school is typically offered to a motorist who receives a ticket for a moving violation that is considered an infraction, such as a motorist receiving a speeding ticket. Upon receiving a moving violation ticket, a motorist has the opportunity to attend traffic violator school if they have not received another ticket within 18 months. Completing traffic violator school allows a motorist to avoid receiving a point on their driving record which in turn avoids increases in car insurance premiums. Classes can generally be taken online with costs ranging from \$10 to \$40 per class.
- 3) *Installment plan.* Currently courts have the ability to reduce fines for those who cannot afford them or offer installment payments for moving violations. If the motorist proves financial hardship then they may enroll in the installment program which requires the motorist to provide 10 percent of the total amount of outstanding fees and penalties and a \$35 one-time administrative fee. Installment payments submitted online are also subject to an additional \$5 transaction fee. Under the existing program, program participants have up to 90 days to pay the total amount of penalties and fines. Failure to make installment payments result in additional penalties and/or a warrant issued for arrest. Fees

and penalties must be paid for in order for a motorist to be provided with the option to enroll and complete traffic violator school.

However, unfortunately, many times an installment plan may be the only option available to a low income individual to actually be able to pay back a moving violation ticket, which can total hundreds of dollars. Additionally, many times, 90 days may not provide sufficient time for a motorist to pay-in-full all penalties and fines. This bill simply extends the period a motorist is provided to pay down all moving violation penalties and fines from 90 days to 180 days in turn allowing increasing flexibility for individuals with the greatest financial constraints. Provisions in this bill also remove additional program administration fees for participants that qualify for the installment program and clarifies that additional penalties may only be issued when it's been determined that a motorist willfully fails to make payments without due cause.

- 4) *Double Referral*. This bill is also referred the Senate committee on Public Safety.

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

Assembly Votes:

Floor: 78-0

Approps: 18-0

Trans: 15-0

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

American Civil Liberties Union of California
 Asian Americans Advancing Justice - California
 Courage Campaign
 Initiate Justice
 Legal Aid of Marin
 Legal Services of Northern California
 Rubicon Programs
 Western Center on Law & Poverty, Inc.

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1406	Hearing Date:	6/25/19
Author:	O'Donnell		
Version:	4/11/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Randy Chinn		

SUBJECT: Alternative and Renewable Fuel and Vehicle Technology Program

DIGEST: This bill requires the CEC to continually budget at least 10% of the ARFVTP to alternative fuel and advanced technology vehicles.

ANALYSIS:

Existing law:

- 1) Establishes the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) program under the California Energy Commission (CEC) with the purpose of developing and deploying innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change polices.
- 2) Provides about \$100 million annually from smog abatements, portions of the annual vehicle registration fee, a fee for special identification plates, and a fee for vessel registration, to fund the ARFVTP until January 1, 2024.
- 3) Establishes 12 criteria for the CEC to consider in allocating the ARFVTP funding.
- 4) Establishes 13 categories of projects which are the only categories eligible for funding.
- 5) Notwithstanding the above criteria and categories, the CEC is required to allocate \$20 million annually to fund hydrogen fueling stations.

This bill requires the CEC to continually budget at least 10% of the ARFVTP to alternative fuel and advanced technology vehicles.

COMMENTS:

- 1) *Author's Statement.* California continues to face significant challenges in attaining state and federal air quality standards. Emissions from heavy-duty diesel engines are still a major source of air pollution, including smog-forming NOx and cancer-causing particular matter. As a result, California residents continue to be seriously affected by poor air quality. Thankfully, the state has a variety of carbon-neutral fuels available for deployment. AB 1406 ensures all of these alternative fuel options and technology incentives are considered for the ARFVTP. This technology-neutral strategy is consistent with the state's climate policies, and will maximize air pollution reductions that can be achieved by the program today.
- 2) *Background on ARFVTP.* AB 118 (Núñez) Chapter 750, Statutes of 2007, established the ARFVTP, which is administered by CEC, and provides funding for development and deployment of alternative and renewable fuels and advanced transportation technologies to reduce GHG emissions and help attain the state's climate change goals. This program is funded at \$100 million annually through surcharges on vehicle registration fees, a portion of the vessel registration fee, a portion of the Smog Abatement Fee (paid to register vehicles less than six model years old and therefore exempt from smog check), and an increase in the fee for identification plates for various types of vehicles, such as logging vehicles operated on public roads. As part of the ARFVTP, CEC prepares and adopts an annual investment plan that identifies the funding priorities for the coming fiscal year. That process includes input from an advisory panel comprised of a broad cross section of stakeholders, including industry and trade groups. It is a very competitive program with only 20% of proposals awarded funding.
- 3) *Where the Money Goes.* In general, CEC makes awards based on four program categories. As of December 1, 2018, CEC has awarded 21% for Alternative Fuel Production, 35% for Alternative Fuel Infrastructure, 31% for Alternative Fuel and Advanced Technology Vehicles and 13% for Related Needs and Opportunities (e.g. manufacturing, workforce training, and regional planning).
- 4) *Compete Better.* This bill is sponsored by the Natural Gas Vehicle Coalition (NGVC), who sits on the CEC's ARFVTP advisory panel. The NGVC argues that this bill is necessary because the natural gas industry did not win any ARFVTP grants in the last two years. This isn't quite true: The CEC awarded \$8 million in natural gas vehicle incentives to both the South Coast Air Quality Management District and the San Joaquin Valley Air Pollution Control District in 2018. Moreover, since 2015 the CEC has also provided about \$22 million in

natural gas vehicle incentives from this program, incentivizing over 1000 natural gas trucks. Clearly the natural gas vehicle industry has been historically successful at the CEC. Had a set aside been in place for the natural gas industry for the last two years, the CEC would have denied an equal amount of funding to other industries and programs with more competitive proposals.

- 5) *A Fairer Contest.* The reason the ARFVTP is administered by the CEC; rather than the Legislature appropriating specific project funding each year, is that the CEC can establish a process for hearing from all relevant industries, discuss technology and market evolution with industry experts, and weigh the different proposals against each other. Each year as technology and markets evolve, the CEC can have a fresh competition as new proposals emerge from the dynamic renewable fuel industry. Establishing a statutory set-aside for any one industry predetermines the outcome of the awards process without evaluating whether that set aside is better for California's environmental or policy goals. It is similar to creating a budget: An individual budget item may look meritorious in a vacuum, but it would make no sense to fund that item without considering all the other budget proposals and prioritizing based on resources and consistency with state goals. Creating a continuous appropriation, as this bill does, should require an even higher level of scrutiny.

The Legislature has no ability to evaluate the set aside for natural gas vehicles proposed by this bill against proposals for any other worthy industries or projects because there has been no solicitation of those industries for competing projects. The Legislature also lacks the technical capacity to perform such an evaluation. Moreover, the set aside locks in funding for years irrespective of changes to markets and technologies over time, causing limited funding to be spent in inefficient or wasteful ways.

Were this bill and AB 753, a related bill creating a set aside for 30% of the ARFVTP funds, enacted, 60% of the ARFVTP funds would be statutorily directed for specific purposes, leaving only 40% for a truly competitive program.

- 6) *Not Zero Emissions.* California is not on track to meet its greenhouse gas emission reduction goals in the transportation sector. Potential solutions, which include reducing vehicle miles travelled, have been controversial. Less controversial is supporting zero emission vehicles. Opponents are concerned that the vehicles supported by this bill are not zero emission.
- 7) *A New Day with Clearer Direction.* The ARFVTP program allocates \$100 million annually to help California meet its GHG reduction goals. As the

effects of climate change become more pronounced and severe, the need to effectively focus California's efforts is greater than ever. The 12 statutory criteria for the program are all individually laudable but collectively so diverse as to provide the CEC with very broad latitude and therefore no effective policy direction. A better way to improve the ARFVTP program may be to hold this bill, as well as AB 753, which deals with this same subject. The committee could then engage with relevant stakeholders and the CEC to refocus this program with clearer legislative direction and performance metrics.

8) *Double Referral*. This bill is also referred to the Senate Environmental Committee.

RELATED LEGISLATION:

AB 753 (E.Garcia) — would require ARB and CEC to allocate specified percentages of moneys from the ARFVTP and Low Carbon Transportation investments (which come from cap-and trade funds) to provide incentives for the production, fueling infrastructure, research and development of specified fuels. *This bill is pending in this committee.*

SB 32 (Pavley, Chapter 249, Statutes of 2016) — required ARB to ensure that statewide GHG emissions are reduced at least 40% below 1990 levels by 2030.

AB 8 (Perea, Chapter 401, Statutes of 2013) — extended until January 1, 2024, the fees that support the AFRVTP.

AB 118 (Núñez, Chapter 750, Statutes of 2007) — created the ARFVTP to provide funding measures to specified entities to develop and deploy technologies and alternative and renewable fuels in the marketplace to help attain the state's climate change policies.

AB 32 (Núñez, Chapter 488, Statutes of 2006) — required ARB to develop a plan of how to reduce emissions to 1990 levels by the year 2020.

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

From the Assembly Appropriations Committee: No additional state costs.

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

California Natural Gas Vehicle Coalition (sponsor)

Amp Americas

California Refuse Recycling Council

Clean Energy

CR&R Environmental Services

Western Propane Gas Association

OPPOSITION:

California Electric Transportation Coalition

Sierra Club

-- END --

This bill:

- 1) Authorizes a local transportation authority that has existing transactions and use tax authority to levy a transactions and use tax in a portion of its jurisdiction, with voter approval.
- 2) Requires the local transportation authority to determine the portion of the jurisdiction in which the tax would apply prior to the electors voting on the measure.
- 3) Specifies that if the tax only applies to a portion of the jurisdiction, both of the following shall apply:
 - a) The incorporated area of each city within the area shall be either wholly included or wholly excluded from that portion; and,
 - b) The governing board shall not enter into a construction contract over one million dollars that would be part or wholly financed through the tax with any entity, unless the entity provides to the agency an enforceable commitment that the entity and its subcontractors at every tier will use a skilled and trained workforce to perform all work on the project or a contract that falls within an apprenticeship occupation in the building and construction trades, as specified. Provides that this paragraph shall not apply if any of the following requirements are met:
 - i) The governing board has entered into a project labor agreement that will bind all contractors and subcontractors performing work on the project;
 - ii) The governing board has contracted to use a skilled and trained workforce and the entity has agreed to be bound by that project labor agreement;
 - iii) The project or contract is being performed under the extension or renewal of a project labor agreement that was entered into by the governing board before January 1, 2019; and,
 - iv) The entity has entered into a project labor agreement that will bind the entity and all of its subcontractors at every tier performing the project or the entity has contracted to use a skilled and trained workforce.
- 4) Requires the tax revenues to be spent within or for the benefit of the portion of the jurisdiction to which the tax applies.
- 5) Requires any tax revenues to supplement, and not supplant, other transportation revenues available to the portion of the jurisdiction to which the tax applies.

- 6) Authorizes the San Diego Association of Governments (SANDAG), San Diego Metropolitan Transit System (MTS) and the North County Transit District (NCTD), which have existing transactions and use tax authority, to levy a transactions and use tax in a portion of its jurisdiction, with voter approval, subject to 2) through 5), above.
- 7) Makes a number of technical and clarifying changes.

COMMENTS:

- 1) *Author's statement.* According to the author, "AB 1413 allows subregions within a local transportation authority's jurisdiction to find ways to address the specific transportation infrastructure needs of their communities. By enabling subregions to choose whether they want to tax themselves, voters will be assured that their taxes will go back into their community – improving roads, transit, highways, or other transportation infrastructure as they see fit."
- 2) *Transactions and use tax (TUT).* TUTs are taxes that are applied to the retail sales of tangible personal property, such as when clothing or other goods are purchased in a store, as well as to the use or storage of such property when sales tax is not paid. If these taxes are to be used for unrestricted, general purposes, they must be approved by the voters by a majority vote. Special taxes, which are restricted for a specified use, such as transportation projects, must be approved by a two-thirds vote.

State law has been amended multiple times to authorize cities, counties, special districts and local transportation authorities, including SANDAG, MTS, and NCTD, to impose a transactions and use tax. As of April 1, 2018, 269 local agencies impose their own transactions and use taxes: four of 58 county-imposed taxes are general purpose taxes and 54 are special purpose taxes, with 35 dedicated for transportation purposes. Of the 211 city-imposed taxes, 174 are general purpose and 37 are special purpose. Additionally, under current law, cities, counties, and specified special districts and transportation authorities may not impose transactions and use taxes that, when combined with other taxes, exceed a total of 2% above the State's 7.25% rate.

- 3) *Close calls.* The author introduced this bill in attempt to remedy an issue many local agencies have encountered when attempting to pass TUT measures for transportation purposes. Existing law requires these TUT measures to be enacted with over two-thirds or 66 percent voter approval. However, many times these measures have failed despite the fact that the measure received over 60 percent voter approval. For example, in 2016, of the seven TUT measures

that failed throughout the state, four failed with over 60 percent voting in favor of the measure. One of the primary challenges for many of these regions stems from diverse areas within a county or city that limit an agency's ability to obtain two-thirds voter approval. The provisions specified in this bill aim to provide a solution by allowing a local agency to determine the boundaries where transportation needs are in highest demand, develop an expenditure plan to meet those needs, and attempt to successfully enact TUT measures within those areas. Due to their unique establishment in state law, the provisions in this bill also provide this authority to transportation agencies within San Diego County.

- 4) *Double referral.* This bill has been double referred to the Senate Governance and Finance Committee.

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

Assembly Votes:

Floor: 47-26

Local Gov: 6-2

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

American Federation of State, County, and Municipal Employees, AFL-CIO (AFSCME)
 North State Building Industry Association
 California Association of Councils of Governments
 California-Nevada Conference of Operating Engineers
 California Transportation Commission
 City of Lincoln
 City of Roseville
 Contra Costa Transportation Authority
 Environmental Health Coalition
 Humboldt County Association of Governments
 Lincoln Area Chamber of Commerce
 LiUNA
 Placer County
 Placer County Association of Realtors
 Placer County Transportation Planning Agency

Placer County Visitor's Bureau
Rocklin Area Chamber of Commerce
Roseville Area Chamber of Commerce
San Diego 350
Solano Transportation Authority
Ventura County Transportation Commission
Westpark Communities
Yolo County

OPPOSITION:

CalTax
Howard Jarvis Taxpayers Association

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: AB 1424

Hearing Date: 6/25/2019

Author: Berman

Version: 4/1/2019

Urgency: No

Fiscal: Yes

Consultant: Randy Chinn

SUBJECT: Electric Vehicle Charging Stations Open Access Act

DIGEST: This bill establishes mandatory consumer and operating standards for electric vehicle (EV) charging stations.

ANALYSIS:

Existing law:

- 1) Prohibits the provider of an EV charging station, which requires payment of a fee from requiring a user to pay a subscription fee or obtain membership in order to use the station.
- 2) Requires the total charges for the use of the electric charging station, including any additional network roaming charges for nonmembers, be disclosed to the public at the point of sale.
- 3) Requires the provider of an EV charging station to accept payment via credit card or via mobile technology or both.
- 4) Requires the provider of EV service equipment at an EV charging station to disclose to the National Renewable Energy Laboratory the station's geographic location, a schedule of fees, accepted methods of payment, and the network roaming fees charges for nonmembers.
- 5) Authorizes the California Air Resources Board (CARB) to adopt interoperability billing standards for network roaming payment methods for EV charging stations, if no interoperability billing standards are developed by a national standards organization by January 1, 2015. If CARB adopts such standards, all EV charging stations which require payment must meet those standards within one year. Requires any standards adopted by CARB to consider other governmental or industry-developed interoperability billing

standards, and allows CARB to adopt interoperability billing standards promulgated by an outside authoritative body.

- 6) Defines “EV service equipment” as an electric component assembly or cluster of component assemblies designed specifically to charge batteries within EVs by permitting the transfer of electric energy to a battery or other storage device in an EV.
- 7) Establishes the Charge Ahead California Initiative pursuant to SB 1275 (de León), Chapter 530, Statutes of 2014, that, among other things, includes the goal of placing at least one million zero-emission vehicles (ZEVs) and near-zero emission vehicles (NZEVs) into service by January 1, 2023, and increasing access to these vehicles for disadvantaged, low-income, and moderate-income communities and consumers.

This bill:

- 1) Requires the provider of an EV charging station to allow as payment a toll-free telephone number to process a credit card and at least two of the following options:
 - a) RFID (Radio Frequency Identifier) card payment
 - b) Near field communication or other mobile technology payment
 - c) Vehicle telematics payment
 - d) Onsite capacity for credit card payment, defined as any payment taken from a credit card, through contactless credit card or processed through a chip or magstripe credit card reader
- 2) Prohibits a state agency from requiring a credit card payment to be through a physical credit card or magnetic stripe reader on EV service equipment.
- 3) Requires the total charges for the use of the EV charging station, including any additional network roaming charges for nonmembers, be disclosed to the public at the point of sale pursuant to the rules established by the Division of Measurement Standards in the Department of Food and Agriculture.
- 4) Revises CARB’s authority to adopt interoperability billing standards for network roaming payments methods for EV charging stations by authorizing ARB to instead adopt interoperability roaming standards and delays that authorization until January 1, 2023.

COMMENTS:

- 1) *Purpose.* The author is concerned about a recently proposed CARB regulation that would mandate all existing and future publicly available EV charging stations to be outfitted with credit card readers. The regulation would raise the cost of charging stations and cause existing charging stations to be taken out of service, according to the author. The author believes that AB 1424 provides an alternative that would preserve uniform access to all EV charging stations and offers consumers multiple payment options including RFID card payment, mobile technology payment, and credit card payment.
- 2) *Not Nearly Enough.* California's goal of 1.5 million ZEVs on the road by 2025 requires 250,000 publicly available EV charging stations, according to an analysis by the California Energy Commission. With only 20,000 such stations available today, there is clearly a desperate need for additional EV charging stations.
- 3) *Expanding the EV Market.* California leads the nation in EV sales with more than 500,000 EVs on the road by late 2018. In the first quarter of 2019 California EV sales grew by 19% compared to the prior year. For this success to continue, the EV market will need to expand to include lower income consumers. This will be accomplished through a combination of more affordable EV models, a growing used EV market, and California policy which has created several programs targeted to lower income buyers and users in disadvantaged communities.
- 4) *No Credit?* In April 2018 CARB opened a proceeding to ensure that all drivers of plug-in EVs are able to access publicly available charging stations regardless of membership status. The proposed regulations include adoption of an interoperable billing standard at all publicly available electric charging stations and clear communication on electricity pricing. A final decision is expected later in June.

The CARB proposal requires that all EV charging stations have a credit card reader, which is the source of concern that resulted in this bill. (Tesla EV charging stations are not covered by the requirement because they are only accessible to Tesla owners.) CARB believes that requiring EV charging stations to accept credit cards is necessary to support broad consumer access because they are a ubiquitous method of payment for goods and services, they are the easiest transition from gasoline purchase, and it is unrealistic to require all consumers to have a smartphone. CARB is also concerned about potential EV customers who don't have credit, and will therefore have to rely on debit or

prepaid cards to pay for their charging. They note that 3 out of 4 drivers today use a credit card for their gasoline purchase, and that even parking meters accept credit cards. The author believes this portion of the regulation is unnecessary and costly, thereby slowing the deployment of EV charging stations.

Many existing Level 2 EV charging stations (e.g. 240 volts) do not have credit card readers; customers either download an app or apply for an RFID card. Under the CARB proposal those EV charging stations will need to be replaced with charging stations that can accept credit cards by July 1, 2023. This may cause the removal of EV charging stations, rather than their replacement, as the station owners choose not to incur the additional cost. Instead of risking the removal of existing EV charging stations, it would be more supportive of our EV deployment goals to ensure that the CARB regulations do not result in the removal of existing EV charging stations.

There is a trade off between the additional accessibility created by requiring a credit card and the reduced deployment of needed EV charging stations because of the additional cost of installing and maintaining credit card readers. Determining the balance depends on one's view of what the future EV market looks like. Will potential EV customers be technology enthusiasts, embracing smart phones, apps and RFID cards? Or will they find that paying for their EV "fuel" in any way other than the ways they are accustomed tips the balance away from an EV purchase? While a survey by Pew Research tells us that 77% of U.S. adults have a smartphone, which includes 82% of those earning between \$30k - \$50k, there is unfortunately no consumer research on the future EV market to guide this decision.

Opponents raise concerns that the bill provision prohibiting state agencies from requiring credit cards allows leading charging companies to lock in customers through the use of their proprietary RFID cards. However, those cards are available without charge making it easy for customers to obtain cards from multiple EV charging companies. The different charging networks are increasingly interoperable, which will make it easy for customers to use a single EV charging company card at EV charging stations owned by other companies. Some opponents raise concerns about the data the EV charging companies obtain and sell from the use of their proprietary RFID cards. That data use is covered under existing data protection laws, and if the use of that data helps subsidize the cost of providing needed EV charging stations that doesn't seem inappropriate.

- 5) *Interoperability*. Current law authorizes CARB to adopt interoperability billing standards if national standards are not adopted by January 1, 2015. Instead of billing standards, this bill authorizes CARB to adopt interoperability roaming standards if international standards are not adopted by January 1, 2023. By delaying CARB's authority to act until 2023, this bill renders the existing CARB proceeding invalid, which is counterproductive to the valid goal of standardizing EV charging stations. **The author and committee may wish to delete this part of the bill.**
- 6) *Future Roadblock?* The most comprehensive intercity charging network is owned by Tesla. As a private network it is not impacted by this bill. But were they ever to consider opening up to other brands of EVs, as Tesla's CEO has said he is open to doing, the expense of meeting the CARB regulations will be a major impediment.
- 7) *Double Referral*. This bill was also referred to the Senate committee on Energy, Utilities and Communications.

RELATED LEGISLATION:

SB 454 (Corbett, Chapter 418, Statutes of 2013) — established the EV Charging Stations Open Access Act which among other things, prohibited the provider of an EV charging station from requiring a subscription or membership as a condition of using the station; required the total actual charges for the use of an EV charging station, including any network roaming charges, be disclosed at the point of sale; required that an EV charging station accept payment by credit card or mobile technology, or both; and authorized ARB to adopt interoperability billing standards for network roaming payment methods for EV charging stations.

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

From the Assembly Appropriations Committee: ARB estimates additional costs of approximately \$380,000 over two years (Cost of Implementation Account) to revise and postpone the regulations. The committee did not estimate a cost for the consumer disclosure standards required of the Division of Measurement Standards.

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

Electric Vehicle Charging Association (sponsor)
Charge Harbor
Clipper Creek
Coalition of California Utility Employees
CompTIA
Design Energy Chargepoint
Lighting Technology Services, Inc.
National Association of Convenience Stores
National Association of Truck Stop Operators
National Car Charging LLC
National Retail Federation
Phil Haupt Electric
Retail Industry Leaders Association
Silicon Valley Leadership Group
Solar Optimum
Sun Light & Power
TechNet

OPPOSITION:

Charge Ahead California
Coalition for Clean Air
Communities for a Better Environment
Electric Auto Association
Environment California
Greenlining Institute
NRDC
Plug In America
Siemens
Sierra Club of California
Tritium
Union of Concerned Scientists

-- END --

This bill:

- 1) Authorizes CTC, upon a determination that it is the best interest of the state to do so and upon an agreement between Caltrans and the City of Lincoln, to relinquish that portion of Route 193 1 that lies within the applicable city limits.
- 2) Provides that the relinquishments will become effective on the date following the county recordation of the relinquishment resolutions containing CTC's approval of the specified terms and conditions.
- 3) Specifies that, following the effective date of relinquishment, the relinquished segments will no longer be state highways and may not be considered for future adoption as state highways.

COMMENTS:

- 1) *Author's Statement.* According to the author, "The City of Lincoln would like to take control of a portion of SR 193 within their city limits so they can ensure the road is sufficiently maintained and relieve Caltrans of that responsibility. The western segment of SR 193 that had connected directly with the previous SR 65 alignment was relinquished to the City in 2012. More recently, the City has annexed nearly 1,700 acres on the eastern side of the City from Placer County and a portion of SR 193 subject to this relinquishment request falls within the newly annexed area."
- 2) *Relinquishments.* Each session, the Legislature passes and the governor signs numerous bills authorizing CTC to relinquish segments of the state highway system to local jurisdictions. Relinquishment transactions are generally preceded by a negotiation of terms and conditions between the local jurisdiction and Caltrans. Once an agreement has been established, CTC typically approves the relinquishment and verifies its approval via a resolution.
- 3) *Growing City.* Under existing law, the section of SR 193 within Lincoln's city limits has already been relinquished to the city. However, the City of Lincoln has annexed land to its east since that initial relinquishment. This bill authorizes the CTC to relinquish the portion of SR 193 within this expanded territory to the City of Lincoln.

RELATED LEGISLATION:

AB 2679 (Committee on Transportation, Chapter 769, Statutes of 2012) — among other things, acknowledged the relinquishment of the portion of SR 193 that was located within the city limits of Lincoln at the time.

AB 2733 (Leslie, Chapter 362, Statutes of 2006) — authorized CTC to relinquish to the City of Lincoln the portion of SR 193 that was located within its city limits.

Assembly Votes:

Floor	77 – 0
Appropriations	16 – 0
Transportation	15 – 0

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

City of Lincoln (Sponsor)

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1457	Hearing Date:	6/25/2019
Author:	Reyes		
Version:	5/24/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Manny Leon		

SUBJECT: Omnitrans Transit District

DIGEST: This bill establishes the Omnitrans Transit District (District) in San Bernardino County

ANALYSIS:

Existing law:

- 1) Creates various local agencies to perform specified transactions and duties within a prescribed area of jurisdiction, including transit agencies and transit districts.
- 2) Authorizes, under the Joint Exercise of Powers Act, two or more public agencies (i.e. federal government, any state, any state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district, and regional transportation commission in any state) to enter into a joint powers agreement to exercise jointly any power common to the contracting agencies that it can do by itself.
- 3) Authorizes cities and counties, some transportation agencies, and some transit districts to impose transactions and use taxes in 0.125% increments in addition to the state's 7.5% sales tax, provided that the combined rate in the county does not exceed 2%.
- 4) Establishes various requirements for purposes of local public entities executing contracts for construction, materials, and services, as specified.

This bill:

- 1) Provides for the formation of the District and establishes its jurisdictional boundaries.

- 2) Specifies that the Omnitrans Joint Powers Authority (JPA) shall be dissolved and that the District shall assume all rights, obligations, property, liabilities, and indebtedness of the JPA.
- 3) Establishes a board of directors that consists of 19 members. Four members are to be appointed from the San Bernardino County Board of Supervisors, and one member from each of its 15 member cities. The Act specifies the board positions and the duties the board must perform, and specifies compensation for members.
- 4) Grants to the District specific powers, duties, and obligations.
- 5) Specifies that the District is subject to the same purchase and construction requirements as the County of San Bernardino. Further specifies that for purposes of the construction of transit projects over \$10,000, the District shall award a contract to the lowest responsible bidder upon engaging in a competitive bidding process.
- 6) Authorizes the District to provide transit services for the transportation of passengers and their incidental baggage by any means, including, but not limited to, though the operations of buses, specialized transit vehicles, and passenger rail service.
- 7) Authorizes the District to levy a transaction and use tax, subject to certain requirements, as specified.
- 8) Requires that before the District can adopt an ordinance to levy a transaction and use tax, the District must first obtain approval, by resolution, from the San Bernardino County Transportation Authority (SBCTA).
- 9) Authorizes the District to set fares for public transit service by resolution.
- 10) Provides that the District can issue revenue bonds consistent with the Revenue Bond Law of 1941.
- 11) Specifies that all employees of the JPA shall be appointed to comparable positions by the District and establishes the rights of the employees.
- 12) Provides for a process for the annexation and detachment of territory to and from the District, and requires that prior to detachment, all pending legal and financial obligations must be resolved by mutual agreement.
- 13) Authorizes the dissolution of the District with an 80% nonweighted vote of the District board and specifies the process for finalizing the dissolution.

- 14) Specifies that no reimbursement is required pursuant to this bill because the only costs incurred by a local agency are a result of a program for which legislative authority was requested by that local agency.

COMMENTS:

- 1) *Author's statement.* According to the author, "AB 1457 will pave the way for the Redlands Rail Project in San Bernardino County. The rail service will connect San Bernardino, Loma Linda, Redlands, and surrounding areas with a safe and efficient alternative to freeway traffic. The train will be called the Arrow line and it will be the first rail project in North America to test a battery-powered train. Omnitrans, the bill's sponsor, has received a \$30 million grant to replace one of the train's diesel engines with a lithium-ion battery powered motor, which will convert it into a truly zero-emission vehicle. Omnitrans, however, was formed as a JPA. For cost and liability reasons, trains are universally operated by transit districts. AB 1457 will convert Omnitrans from a JPA into a public transportation district without change to the way it's managed."
- 2) *Omnitrans.* Omnitrans is a public transit agency that serves the San Bernardino Valley. Omnitrans currently operates local and express bus routes, as well as a rapid bus transit service, OmniGo hometown shuttle service, and Access, a paratransit service for the disabled. Established in 1976 through a JPA, Omnitrans carries approximately 16 million passengers each year throughout its 480-square mile service area, covering 15 cities and portions of the unincorporated areas of San Bernardino County. Omnitrans is administered by a Board of Directors, made up of the Mayor or Council Member from each member-City and four Supervisors of the County of San Bernardino. Each City and the County has one designated alternate board member. Omnitrans runs bus routes in San Bernardino County and also into Riverside and Los Angeles Counties for connecting service.
- 3) *Arrow.* The Redlands Passenger Rail Project, otherwise known as Arrow, upon completion, will serve as a nine-mile passenger rail service that will run between the San Bernardino Transit Center in Downtown San Bernardino and the University of Redlands in the City of Redlands. Arrow will be comprised of five stops with trains operating every 30 minutes during peak times and 60 min during non-peak times. Service on the \$355 million is projected to commence in 2021.

While the San Bernardino County Transportation Authority is the lead agency funding and constructing the Arrow project, Omnitrans will ultimately serve as the operator of the passenger rail service. Currently, Omnitrans was created and operates under joint powers authority statutes; however will need to modify its governing structure to that of other transit districts in order to possess the appropriate powers and authority to operate both bus and rail passenger service. This bill aims to accomplish that restructuring.

- 4) *Double Referral*. This bill was also referred to the Senate committee on Governance and Finance.

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

Assembly Votes:

Floor: 65-2
Approps: 14-0
Trans: 12-0
Loc Gov: 7-0

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

OmniTrans (sponsor)

OPPOSITION:

None received.

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COMMENTS:

- 1) *Author's statement.* According to the author, "The current design-bid-build process separates the architects and the construction managers during the planning stages of the project. This silos the two, and prolongs the pre-construction phase. This bill allows the continued collaboration between the design and construction phases of the project through the use of Construction Manager/General Contractor (CM/GC) process and incentivizes project managers to provide input during the design phase. This bill allows the continued collaboration between the design and construction phases of the project through the use of Construction Manager/General Contractor (CM/GC) process and incentivizes project managers to provide input during the design phase for off highway projects."
- 2) *What is CM/GC?* The CM/GC project-delivery method allows an agency to engage a construction manager during the design process to provide assistance to the design team, which can ultimately lead to a more constructible project. When design is nearly complete, the agency and the construction manager negotiate a guaranteed maximum price for the construction of the project based on the defined scope and schedule. If this price is acceptable to both parties, they execute a contract for construction services, and the construction manager becomes the general contractor. Studies suggest CM/GC often leads to less costly or more expediently delivered projects because of the construction manager's involvement in the design process.

The CM/GC process is meant to provide continuity and collaboration between the design and construction phases of the project. Construction managers have an incentive to provide input during the design phase that will enhance constructability of the project later, because they know that they will have the opportunity to become the general contractor for the project. Furthermore, CM/GC promises to save project delivery time, provide earlier cost certainty, transfer some risks from the public agency to the contractor, and ensure project constructability. Finally, it allows each agency to design the project to complement the general contractor's strengths and capabilities, thereby providing maximum competitiveness in a low-bid procurement.

- 3) *Prior authorization.* AB 2498 (Gordon, Chapter 752, Statutes of 2012) authorized Caltrans to use CM/GC on no more than six projects, at least five of which must have construction costs greater than \$10 million. At that time, the author introduced AB 2498 to authorize Caltrans to use CM/GC to start evaluating the effectiveness of this emerging project-delivery method that

combined the best of both design-bid-build and design-build. To date, all six authorized slots have been granted and the projects are moving forward to completion.

AB 2126 (Mullin, Chapter 750, Statutes of 2016) subsequently doubled the number of CM/GC projects Caltrans was authorized to carry out while preserving all the design, engineering, inspection, and reporting requirements established in AB 2498. Additionally, last year the Legislature passed and the Governor signed AB 115 (Committee on Budget, Chapter 20, Statutes of 2017) which authorized Caltrans to execute an additional 12 CM/GC projects.

Following implementation of AB 2498 and AB 2126, Caltrans reported to the Legislature initial success in utilizing CM/GC for the limited number of projects for which it was authorized. In light of that reported success, the Legislature has enacted a number of measures expanding the authority for both Caltrans and RTAs to utilize CM/GC. Last year the Legislature passed and the Governor signed SB 1262 (Beall), Chapter 465, Statutes of 2018, which completely eliminated the restriction on the number of projects Caltrans can procure through the CM/GC method.

This bill similarly provides authority for RTAs in the state to utilize CM/GC where they deem appropriate as long as it is not on the state highway system.

RELATED LEGISLATION:

SB 1262 (Beall, Chapter 465, Statutes of 2018) — eliminated the restriction on the number of projects Caltrans can procure through the CM/GC procurement method.

AB 115 (Committee on Budget, Chapter 20, Statutes of 2017) — expands Caltrans authority to utilize CM/GC from 12 to up to 24 projects.

AB 2126 (Mullin, Chapter 750, Statutes of 2016) — expanded Caltrans authority to utilize CM/GC from 6 to up to 12 projects.

AB 2498 (Gordon, Chapter 752, Statutes of 2012) — authorized Caltrans to use CMGC on no more than six projects, at least five of which must have construction costs greater than \$10 million.

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

Assembly Votes:

Floor: 76-0
Approps: 18-0
Trans: 15-0

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

Contra Costa Transportation Authority (sponsor)
America Council of Engineering Companies, California (Support, if amended)
California Association of Sheet Metal and Air Conditioning Contractors, National
California Chapters of the National Electrical Contractors Association
California Legislative Conference of the Plumbing, Heating and Piping Industry
California State Association of Electrical Workers
California State Council of Laborers
California State Pipe Trades Council
Construction Employers Association
District Council of Iron Workers of the State of California and the Vicinity
Northern California Allied Trades
Northern California Carpenters
Southern California Contractors Association
State Building & Construction Trade Council
United Contractors
Western States Council of Sheet Metal Workers
Wall and Ceiling Alliance
Western Wall & Ceiling Contractors Association
Orange County Transportation Authority

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1614	Hearing Date:	6/25/19
Author:	Gipson		
Version:	2/22/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Amy Gilson		

SUBJECT: Vehicles: license plate pilot program

DIGEST: This bill extends authorization for the Department of Motor Vehicle's (DMV) pilot program evaluating alternatives to vehicle license plates, registration stickers, and registration cards from January 1, 2020 to January 1, 2021.

ANALYSIS:

Existing law:

- 1) Authorizes the DMV to issue one or more stickers, tabs, or other suitable devices in lieu of the license plates provided for under this code. Except when the physical differences between the stickers, tabs, or devices and license plates by their nature render the provisions of this code inapplicable, all provisions of this code relating to license plates may apply to stickers, tabs, or devices. (VEH §4853)
- 2) Authorizes the DMV to establish contracts for electronic programs that allow qualified private industry partners to join the department in providing services that include processing and payment programs for vehicle registration and titling transactions, and services related to reporting vehicle sales and producing temporary license plates. (VEH §1685)
- 3) Requires DMV to issue to each vehicle upon initial registration two reflectorized license plates or devices to identify the vehicle. (VEH §4850)
- 4) Prescribes the appearance of these plates as follows: Each plate must display the word "California" plus the vehicle's registration number and the year for which its registration is valid. Plates, other than those for motorcycles, must be rectangular in shape, 12 inches in length and six inches in width. (VEH §4851, §4852)

- 5) Prohibits DMV from letting a contract to any nongovernmental entity for purposes of manufacturing license plates. (VEH §4850)

Authorizes a pilot program evaluating alternatives to vehicle license plates, registration stickers, and registration as follows:

- 6) Authorizes the DMV to establish a pilot program to evaluate the use of alternatives to the stickers, tabs, license plates, and registration cards authorized by this code, subject to all of the following requirements:
 - a) The alternative products shall be approved by the Department of the California Highway Patrol.
 - b) The pilot program shall be limited to no more than 0.5 percent of registered vehicles for the purpose of road testing and evaluation (about 175,000 vehicles).
 - c) The alternative products to be evaluated shall be provided at no cost to the state.
 - d) Any pilot program established by the department pursuant to this subdivision shall be completed no later than January 1, 2020.
 - e) Any pilot program established by the department pursuant to this subdivision shall be limited to vehicle owners who have voluntarily chosen to participate in the pilot program. (VEH §4853)
- 7) Requires that, in the conduct of this pilot program, any data exchanged between the DMV and any electronic device or the provider of any electronic device be limited to those data necessary to display evidence of registration compliance. (VEH §4853)
- 8) Prohibits the DMV from receiving or retaining any information generated during the pilot program regarding the movement, location, or use of a vehicle participating in the pilot program. (VEH §4853)
- 9) Requires the DMV to submit a report regarding the pilot program to the Legislature including, but not limited to:
 - a) An evaluation of the cost-effectiveness of the alternatives used in the pilot program when compared to the department's current use of stickers, tabs, license plates, and registration cards.
 - b) A review of all products evaluated in the pilot program and of the features of those products. The report shall note if the devices evaluated in the pilot program are available with the ability to transmit and retain information relating to the movement, location, or use of a vehicle, and if a product contains that feature, the report shall also note if the product

includes any security features to protect against unauthorized access to information.

- c) Recommendations for subsequent actions, if any, that should be taken with regard to alternatives evaluated in the pilot program. (VEH §4853)

This bill:

- 1) Extends by one year, to January 1, 2021 the Department of Motor Vehicles pilot program to evaluate the use of alternatives to the stickers, tabs, license plates, and registration cards.
- 2) Authorizes the department to evaluate the inclusion of participants in the Business Partner Automation Program.

COMMENTS:

- 1) *Author's Statement.* According to the author, "The use of digital license plates presents an innovative approach to technology currently being widely used, which is only a single function approach. Digital plates are multifunctional, as they can be used to display emergency and vehicle manufacturer safety recall messaging, along with Amber Alerts, law enforcement alerts if a vehicle is stolen, track vehicle mileage, and transact toll bridge and road payments. Over time, this technology has only gotten more advanced. AB 1614 will allow a continuance of partnerships for further testing of innovative technologies like digital plates on vehicles."
- 2) *License plates and registration.* DMV has issued license plates and registration stickers since 1959. Currently, in order to register a vehicle, the registered owner must submit proof of insurance, pay registration and other fees, and when required, provide proof that the vehicle passed a smog check inspection. DMV then issues, typically by mail, a vehicle registration card and the appropriate sticker for the vehicle's rear license plate. For annual renewal of a vehicle registration, DMV mails the registered owner a notice and reply envelope approximately 60 days prior to the vehicle's renewal date. The owner can remit fees and required documentation by mail, via DMV's Internet Web site, in person at a DMV field office, DMV self-service terminal, or at the office of one of DMV's private industry partners. DMV registers 35 million vehicles annually, with over 10 million renewals taking place in DMV field offices each year.

- 3) *Legislative history of the pilot program.* In 2013, the Legislature passed and Governor Brown signed SB 806 (Hueso, Chapter 569, Statutes of 2013) authorizing DMV to establish a pilot program to evaluate the use of alternatives to license plates, registration stickers, and registration cards. SB 806 required DMV to complete the pilot by January 1, 2017, and report its findings to the Legislature by July 1, 2018. At the time, the author sought to facilitate DMV's ability to explore alternatives to the traditional metal license plate, plastic-coated registration stickers, and paper registration cards in order to improve efficiency and lower the cost of DMV vehicle registration services. In 2016, SB 1399 (Hueso, Chapter 155, Statutes of 2016) extended the pilot program to 2019 and reporting requirements to 2020 respectively to provide DMV and program participants additional time to study and evaluate alternatives. SB 1387 (Beall, Chapter 520, Statutes of 2018) extended DMV's authority to conduct the pilot program one more year, to January 1, 2020 but did not extend the report deadline of July 1, 2020
- 4) *Pilot program.* The pilot program is evaluating the use of digital license plates, license plate wraps (vinyl alternatives to metal plates), and digital registration cards. According to the sponsor, Reviver Auto, "digital license plates are currently installed on approximately 1,400 registered vehicles in California... The pilot program has consisted of road, visibility and durability testing, along with software integration that included exploration of DMV congestion relief measures. Digital license plates provide an additional opportunity to move [vehicle license fee (VLF)] payment processing to a third party with regularly scheduled remittances of revenue back to the Department, similar to today's automobile club VLF payment processing. This can expand VLF processing efficiencies by allowing individual vehicle owners to perform the transaction on-line and eliminate the need to visit a DMV field office. Digital plates also offer the elimination of DMV processing and mailing of tags for the owners of digital plates." Depending on the model, the digital license plates run about \$500 plus a monthly fee of about \$5. According to multiple news reports, the City of Sacramento began using digital license plates on its electric vehicle fleet in 2018. They are mostly used to track mileage since electric vehicles do not have same equipment used for GPS tracking systems found in standard vehicles. However, the plates could also be used to display announcements, such as emergency announcements or Amber Alerts.

Michigan and Arizona have authorized the use of digital license plate technology while the District of Columbia (DC) DMV advertises digital registration cards "for those individuals who want the ability to maintain an up-to-date version of their registration sticker and card on their smartphone," offered via the DC DMV mobile application.

5) *Need to extend pilot program to create continuity while the Legislature considers the forthcoming report on the program.* If the pilot program is not extended this year, authorization for using these alternatives will lapse January 1, 2020, creating a gap between the current pilot program and any subsequent action the Legislature takes to permanently authorize use of alternatives or to reinstate a pilot program after consideration of the report from the DMV. This means that anyone using an electronic license plate, for example, will need to replace them with metal plates for an unknown period of time.

RELATED LEGISLATION:

SB 1387 (Beall, Chapter 520, Statutes of 2018) — extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards from January 1, 2019 to January 1, 2020.

SB 1399 (Hueso, Chapter 155, Statutes of 2016) — extended the sunset on the DMV pilot program evaluating alternatives to license plates, registration stickers, and registration cards to January 1, 2019, and the deadline for DMV to report on the pilot to July 1, 2020.

SB 806 (Hueso, Chapter 569, Statutes of 2013) — authorized DMV to conduct a pilot program to evaluate alternatives to license plates, registration stickers, and registration cards.

Assembly Votes:

Floor	78 – 0
Appropriations	18 – 0
Transportation	15 – 0

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

According to the Assembly Appropriations Committee, “Negligible costs to DMV.”

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

Reviver Auto (Sponsor)

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1633	Hearing Date:	6/25/2019
Author:	Grayson		
Version:	2/22/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Amy Gilson		

SUBJECT: Regional transportation plans: traffic signal optimization plans

DIGEST: This bill authorizes cities with the jurisdiction of the Metropolitan Transportation Commission (MTC) to develop and implement a traffic signal optimization plan to reduce greenhouse gases and particulate emissions and to reduce travel times, the number of stops, and fuel use.

ANALYSIS:

Existing law:

- 1) Designates the MTC as the agency to provide comprehensive regional transportation planning for the region comprised of the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma (Government Code (GOV) §66500 et seq.)
- 2) Requires each transportation planning agency to prepare and adopt a regional transportation plan directed at achieving a coordinated and balanced regional transportation system. (GOV §65080)
- 3) Requires, under the Sustainable Communities Act, metropolitan planning organizations (MPOs) to include sustainable communities strategies, as defined, in their regional transportation plans for the purpose of reducing greenhouse gas emissions, aligns planning for transportation and housing. (GOV §14522.1 et seq.)
- 4) Requires congestion management agencies to adopt and update biennially, with the cooperation of the transportation planning agency and other entities, as specified. (GOV §65089)

- 5) Authorizes, within the Highway Safety, Traffic Reduction, Air Quality, and Port Security Board Act of 2016, \$250 million of Proposition 1B funds for traffic light synchronization projects or other technology-based improvements to improve safety, operations, and the effective capacity of local streets and roads throughout the state. (GOV §8879.23(k)(2))
- 6) Establishes the Air Resources Board (ARB) as the air pollution control agency in California and requires the ARB, among other things, to control emissions from a wide array of mobile sources and implement the Federal Clean Air Act. (Health and Safety Code §39500 et seq.)

This bill:

- 1) Authorizes each city located within the jurisdiction of the Metropolitan Transportation Commission to develop and implement a traffic signal optimization plan to reduce greenhouse gases and particulate emissions and to reduce travel times, the number of stops, and fuel use.
- 2) Requires the Department of Transportation (department) to coordinate with each city that develops a traffic signal optimization plan to ensure that any traffic signals owned or operated by the department are adjusted and maintained in accordance with the plan.

COMMENTS:

- 1) *Author's Statement.* According to the author, "Bay Area commutes are rated second worst in the country with the amount of time the average commuter spends in congestion each weekday increasing by more than 80% since 2010. When infrastructure is strained and operating inefficiently, it exacerbates existing problems of increased congestion and commutes and can lead to a reduction in environmental health. Several recent studies and reports produced by CalTrans, UC Davis, and the Assembly and Senate Transportation Committees have concluded that 'traffic signal optimization' technology has been proven to reduce traffic congestion and vehicle greenhouse gas emissions. AB 1633 will authorize cities within the Bay Area Metropolitan Transportation Commission (MTC) to develop and implement traffic signal optimization plans, which are intended to reduce greenhouse gases and particulate emissions, as well as reduce travel times and the number of stops and fuel use."
- 2) *Traffic Signal Timing.* The primary objective of signal timing settings is to move people through an intersection efficiently and safely.¹ Achieving this

¹ California Department of Transportation, *Traffic Signal Operations Manual*, 2017.

objective requires a plan that allocates right-of-way to various users and accommodates fluctuations in demand. Because travel demand patterns change over time, the signal timing plan may be periodically updated to maintain intersection efficiency. Well designed and timed traffic signal may increase the traffic-handling capacity of the intersection and, when synchronized, provide for continuous movement of traffic along a given route. By contrast, poor traffic signals may increase delays, disobedience of the signal indications, or use of less adequate routes as road users attempt to avoid the traffic control signals.

Traffic signals operate in either pre-timed or actuated mode or a combination of the two. Pre-timed controls cycle through signal sequences of pre-programmed, fixed durations. By contrast, actuated controls detect and respond to the presence or absence of vehicles. For example, an actuated traffic signal at the intersection of a major and minor road might turn green for the minor road only when a vehicle approaches. Multiple traffic signals along a busy street may also be synchronized (coordinated) to smooth traffic flow. Finally, advanced signal systems are able to make more detailed adjustments, for example, adaptive signal control technology systems make signal timing adjustments based on detection data and algorithms, thus modifying operations during varying traffic flow conditions. Advanced systems typically require considerable investment from local agencies. There are also commercial software packages that model traffic conditions and recommend improved signal timings.

- 3) *Existing traffic signal optimization programs.* MTC has program, the Program for Arterial System Synchronization (PASS), for traffic light synchronization on which it has spent \$1.8 million. It believes that this program has generated significant savings, increasing average speed by 26% and saving 11.5 million gallons of fuel, resulting in a benefit cost ratio of 67:1. It says it has re-timed some 1,900 traffic signals since the program began in 2010.

According to the PASS's website,² "synchronization of traffic signals is vital along our most heavily traveled streets and roads. But multi-city corridors that also are part of the state highway system — like El Camino Real on the Peninsula, or San Pablo Avenue in the East Bay — present myriad challenges: some signals are owned and operated by different cities, and others by the California Department of Transportation (Caltrans). PASS delivers financial and technical assistance to cities and counties to enhance signal coordination across jurisdictions."

² Metropolitan Transportation Commission. *Program of Arterial System Synchronization-PASS*. Retrieved 5/30/2019 from <https://mtc.ca.gov/our-work/operate-coordinate/arterial-operations/program-arterial-system-synchronization-pass>

Building on PASS, "MTC launched a Next Generation Arterial Operations Program to help cities and counties explore and implement low-cost, advanced technologies to help run their busiest streets and roads more smartly. Technologies include adaptive signal systems, real-time traffic monitoring, queue-jump lanes, and Bluetooth-related intelligent transportation system elements."

Statewide, the Proposition 1B-funded Traffic Light Synchronization Program recommended synchronization project funding awards in 2008.

- 4) *Signal retiming and emissions reduction.* Traffic signal optimization has been widely accepted as a process that reduces fuel use by cutting down on stop and go traffic and minimizing stops and idling. Emissions reductions estimates have been made in the 1% to 10% range.
- 5) *Minor amendments. In order to be technically accurate and encompass all emissions of concern from vehicles, the author and committee may wish to amend the bill to focus on greenhouse gases; criteria air pollutants, and toxic air contaminants. Criteria air pollutants encompasses "particulate emissions."*

Each city located within the jurisdiction of the Metropolitan Transportation Commission may develop and implement a traffic signal optimization plan intended to reduce emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants and ~~particulate emissions~~ and to reduce travel times, the number of stops, and fuel use.

Caltrans currently coordinates with cities on traffic signal optimization. To ensure this coordination continues while putting Caltrans and cities on equal footing, the author and committee may wish to consider amending the bill to require Caltrans and a city to coordinate on any adjustments to traffic signals owned or operated by the department rather than requiring Caltrans to adjust their signals in accordance with a city's plan.

(b) The Department of Transportation ~~shall coordinate with~~ and each city that develops a traffic signal optimization plan pursuant to subdivision (a) ~~to ensure that shall coordinate on~~ any adjustments to traffic signals owned or operated by the department ~~are adjusted and maintained in accordance with the plan.~~

- 6) *Double Referral.* This bill is also referred to the Senate Committee on Environmental Quality.

RELATED LEGISLATION:

AB 2851 (Grayson, 2018) — AB 1633 is a reintroduction of AB 2851, which was gut and amended to deal with a different issue after being heard in this committee.

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

According to the Assembly Appropriations Committee, “Minor costs to Caltrans, who regularly coordinates with cities on traffic signal optimization plans. Currently, traffic signal optimization is funded through \$250 million in Proposition 1B (The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) bond funds through the statewide Traffic Light Synchronization Program, administered by CTC.”

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

None received.

OPPOSITION:

None received.

-- END --

SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No:	AB 1671	Hearing Date:	6/25/19
Author:	Berman		
Version:	3/25/2019		
Urgency:	No	Fiscal:	Yes
Consultant:	Amy Gilson		

SUBJECT: Department of Transportation: motor vehicle technology testing

DIGEST: This bill extends from January 1, 2020 to January 1, 2024 the sunset date for Department of Transportation (Caltrans) authorization to test technologies that enable drivers to safely operate motor vehicles with less than 100 feet between each vehicle, also known as “platooning,” and requires Caltrans to submit a second report to the legislature on this pilot program to be submitted by April 1, 2023.

ANALYSIS:

Existing law:

- 1) Specifies that motor vehicles being driven outside of a business or residence district in a caravan or motorcade, whether or not towing other vehicles, shall be so operated as to allow sufficient space and in no event less than 100 feet between each vehicle or combination of vehicles so as to enable any other vehicle to overtake or pass. (Vehicle Code (VEH) §21705)
- 2) Authorizes Caltrans, in coordination with the Department of California Highway Patrol, to conduct testing of technologies that enable drivers to safely operate motor vehicles with less than 100 feet between each vehicle of combination of vehicles. (Government Code (GOV) §14107)
 - a) Authorizes participating motor vehicles to be operated with less than 100 feet between each vehicle or combination of those vehicles, notwithstanding Section 21705 of the Vehicle Code.
 - b) Only authorizes Caltrans to use motor vehicles and streets and highways in their testing that the CHP has authorized for that purpose.
 - c) Requires a person operating a motor vehicle participating in testing if the person holds a valid driver’s license of the appropriate class for the

participating vehicle.

- d) Requires the Caltrans to report its findings from the testing to the Legislature on or before July 1, 2017 and to submit an updated report to the Legislature on or before July 1, 2019.
- e) Sunsets these provisions on January 1, 2020.

This bill:

- 1) Extends authorization for the Caltrans program testing technologies that enable drivers to safely operate motor vehicles with less than 100 feet between each vehicle, described above, from January 1, 2020 to January 1, 2024.
- 2) Requires Caltrans to submit an additional report on this pilot program to the Legislature on or before April 1, 2023.

COMMENTS:

- 1) *Author's Statement.* According to the author, "AB 1671 would allow Caltrans, CHP, and stakeholder partners to continue on-road testing of Cooperative Adaptive Cruise Control (CACC) technologies by extending the current sunset to January 1, 2024. Doing so will provide additional years in which Caltrans can continue to build upon the body of knowledge it has obtained to date under SB 719 and AB 669 which, in turn, will provide state policymakers with additional important information about CACC's promising potential to provide California with important transportation safety, fuel savings, and air emissions benefits. AB 1671 continues California's tradition of leading in innovative technologies that focus on human benefits like driver safety and reducing emissions."
- 2) *Platooning.* Due to the fact that drivers require time and space to react to changing driving conditions, the present system of driving on roadways requires a tremendous amount of space between vehicles. The amount of space between vehicles increases as the speed of the vehicles increases. For example, a parked car requires approximately 100 square feet of ground space. When the same vehicle is moving at 70 mph, because of the longitudinal space requirements to allow for human reaction time, it requires approximately 5,000 square feet of space on a freeway. This space requirement is even higher for trucks and commands a premium price in an already developed urban environment such as southern California.

Adaptive cruise control (ACC) systems automatically adjust a vehicles speed to maintain a safe distance from vehicles ahead using sensors such as video and radar to measure the distance and relative speed of a vehicle to the vehicle in front of it. ACC systems can only detect the movement of adjacent vehicles. CACC adds wireless communication among CACC-enabled vehicles to allow them to communicate information about braking and other changes in motion that could not otherwise be detected. As with cruise control and ACC, CACC is considered a driver-assist technology where the driver remains in control and responsible for vehicle operation at all times. However, CACC decreases reaction times, enabling vehicles to safely leave shorter gaps between them. By decreasing gap distance, which in turn allows vehicles to safely leave shorter gaps between them. CACC, when applied to heavy trucks, is sometimes referred to as driver assistive truck platooning (DATP). Truck platooning is especially commercially interesting because it improves aerodynamics, which in turn reduces fuel use and saves money. As described below, measuring energy savings due to platooning was one of the main goals of the pilot project.

- 3) *Pilot Program.* SB 719 (Chapter 163, Statutes of 2015) authorized Caltrans to conduct, in coordination with CHP, a pilot program to study truck platooning. The legislation was a result of Caltrans receiving federal funds to research and conduct demonstrations on partially automated trucks in closely spaced operations, but Caltrans did not have the statutory authority to conduct a pilot program or legally conduct demonstrations on public roads and highways. The initial \$2 million demonstration program was funded primarily through a \$1.6 million federal grant coupled with \$460,000 from state and local sources. It was carried out with collaboration between Caltrans, the University of California at Berkeley, Volvo Group, Cambridge Systematics, Los Angeles County Metropolitan Transportation Authority, Gateway Cities Council of Governments, and Peloton Technologies.

“The project had four major goals: 1) identifying near-term opportunities for CACC to improve heavy truck operations, 2) assessing acceptance of moderately short CACC gaps by truck drivers, 3) measuring energy savings at gaps chosen by drivers, and 4) providing demonstrations to show benefits to industry and public stakeholders.” At the time Caltrans’ report to the Legislature came out in 2017, this team had investigated “four potential benefits of heavy truck platooning: increased throughput from shorter gaps between vehicles, reduced fuel consumption due to improved aerodynamics, emission reductions from reduced fuel consumption, and safety improvements due to high-speed communication and coordinated maneuvering.”

The ultimate goal of the program is to enable development of a policy framework that will allow for the general use of this technology

- 4) *Caltrans' 2017 report to the Legislature.* In their 2017 report to the Legislature, mandated by SB 719 (Hernández, 2015), Caltrans reported that the CACC outfitted trucks drove almost 8,000 miles in platoons without incident, including 5,500 miles on California public roads. The trucks were able to maintain the desired gap and respond smoothly when vehicles without CACC cut in and out between the trucks in platoon formation. Furthermore, in three truck formations, platooning resulted in up to 6-7% fuel savings for the middle truck and up to 9-11% fuel savings for the truck at the end of the formation.

The report concluded that these tests of the heavy truck CACC system “advanced the maturity of CACC technology” and was demonstrated to:

- a) Reduce fuel consumption;
- b) Enhance safety through coordinated braking with minimal delay;
- c) Improve traffic flow stability, reducing stop-and-go effects;
- d) Increase the effective capacity of highway lanes, reducing the adverse effects of congestion, and;
- e) Permit the free movement of other vehicles.

It also recommended a two-year extension to the SB 719 authorization to 1) continue developing and testing the technology to, for example, incorporate input of commercial vehicle drivers into the CACC design, 2) continue a multistate project to each congestion along Interstate-10, and 3) to continue a separate California Energy Commission project slated to run until 2019. A two-year extension, until January 1, 2019, was granted via by AB 669 (Berman, Chapter 472, Statutes of 2017).

- 5) *There is a lack of information about what's next but no concerns raised.* AB 669 (Berman) requires Caltrans to submit a project update to the Legislature by July 1, 2019. Without this report, information on the progress made since 2017 and next steps is lacking. However, according to Peloton Technology Inc., maker of a CACC technology platform, they have continued collaborating with Caltrans since the initial project involving USDOT, USDOE, and UC Berkeley's Partners for Advanced Transportation Technology (PATH) program, enabled by SB 719 (Hernández, 2015), “to conduct further testing of truck platooning and has provided information on this testing in support of Caltrans- PATH reports regarding truck platooning. As part of arranging for this collaboration, bi-lateral agreements were put in place between Peloton and both Caltrans and CHP. There is general agreement that there is value to conducting further testing in California and in order to do so, Government Code

Section 14107's current sunset date needs to be extended beyond January 1, 2020. To allow sufficient time for further testing, there is general agreement that it is wise to extend this sunset out to January 1, 2024. Notably, this allows time for testing activity that can occur related to new federal funding recently received by PATH under a project supported by Caltrans."

Furthermore, according to the Assembly Appropriations analysis of this bill, Caltrans states that "In 2019, the UC applied for and received a \$500,000 federal grant. UC has a testing contract in place, as of March 2019. Caltrans is an unfunded partner in this effort and does not track expenditures from this grant," and that "in addition, Caltrans provided UC Berkeley with \$200,000 in an advanced research funding grant from the Caltrans Research Program funds in the State Highway Account for a 12-month project to continue advancing the cooperative adaptive cruise control/truck control system. Some of the testing for this project will continue into early 2020." Neither Caltrans nor the CHP have raised any concerns about this pilot program.

- 6) *Forever a pilot?* According to Caltrans' 2017 Report to the Legislature, "Arkansas, Georgia, Michigan, South Carolina, Tennessee, and Texas have all passed legislation approving routine use of driver-assist close-spaced heavy truck platooning technologies." Some or all aspects of CACC technology may require additional development and testing before general use in California. The Caltrans update, once released, may be useful in evaluating whether any CACC technology is ready for routine use in California or what areas of testing and development under the pilot are still needed.

To increase the utility of the reports in informing potential legislative action, the author and committee may wish to consider amending the bill to direct Caltrans to include recommendations for any subsequent actions that should be taken with regard to these technologies in their report due in 2023.

RELATED LEGISLATION:

AB 669 (Berman, Chapter 472, Statutes of 2017) — Extended the authority for an existing vehicle platooning technology testing program from January 1, 2018, until January 1, 2020.

SB 719 (Hernández, Chapter 163, Statutes of 2015) — Authorized Caltrans to test technologies that enable drivers to operate motor vehicles with less than 100 feet between each vehicle or combination of vehicles, commonly referred to as "truck platooning."

SB 431 (Beall, 2015) — Would have required that an officer’s determination of what is a reasonable and prudent following distance take into account the presence of vehicle automation technology, such as a “driver-assistive truck platooning system” as defined.

Assembly Votes:

Floor **78 – 0**
Appropriations **18 – 0**
Transportation **15 – 0**

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

According to Assembly Appropriation, “According to Caltrans, only minor and absorbable costs would result from this bill. This is because the University of California, Berkeley (UC), in coordination with Caltrans and CHP, already conducts the testing reauthorized by this bill and does so using federal funds and private funds. In 2019, the UC applied for and received a \$500,000 federal grant. UC has a testing contract in place, as of March 2019. Caltrans is an unfunded partner in this effort and does not track expenditures from this grant.

In addition, Caltrans provided UC, Berkeley with \$200,000 in an advanced research funding grant from the Caltrans Research Program funds in the State Highway Account for a 12-month project to continue advancing the cooperative adaptive cruise control/truck control system. Some of the testing for this project will continue into early 2020.

Minor, absorbable costs to Caltrans to submit an updated report to the Legislature (State Highway Account).”

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

California Trucking Association
DENSO International America
Peloton Technology, Inc.
UPS
Volvo trucks North America

OPPOSITION:

None received.

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SENATE COMMITTEE ON TRANSPORTATION

Senator Jim Beall, Chair

2019 - 2020 Regular

Bill No: AB 1810 **Hearing Date:** 6/25/2019
Author: Committee on Transportation
Version: 6/17/2019 Amended
Urgency: No **Fiscal:** Yes
Consultant: Randy Chinn

SUBJECT: Transportation: omnibus bill

DIGEST: This bill contains numerous changes to transportation-related statutes.

ANALYSIS:

Existing law:

- 1) Establishes California State Transportation Agency in state government, consisting of the Department of the California Highway Patrol, California Transportation Commission (CTC), the Department of Motor Vehicles, Caltrans, the High-Speed Rail Authority, and the Board of Pilot Commissioners for the Bays of San Francisco, San Pablo, and Suisun.
- 2) Establishes the 13-member CTC directs it to advise and assist the Secretary of Transportation and the Legislature in formulating and evaluating state policies and plans for transportation programs in the state.
- 3) Establishes a pilot program at Department of General Services (DGS) to test the effectiveness of the "best value" procurement method for purchasing and equipping heavy mobile fleet vehicles and special equipment for Caltrans.
- 4) Requires an operator of a motorized scooter to have a valid driver's license or permit.

This bill:

- 1) Removes the California Transportation Commission (CTC) from the California Transportation Agency (CalSTA) and establishes CTC as an independent entity in state government.

- 2) Extends an existing pilot program to test the effectiveness of the “best value” procurement method for purchasing and equipping heavy mobile fleet vehicles and special equipment for the California Department of Transportation (Caltrans).
- 3) Provides that the San Diego Metropolitan Transit System shall be considered a rapid transit district.
- 4) Expands the individuals who can sign bonds issued by a local transportation authority in connection with a sales tax measure to include an authorized officer of the authority.
- 5) Authorizes the CTC to relinquish to the City of Whittier and the County of Los Angeles the portion of Route 72 within their respective jurisdictions.
- 6) Expressly permits the counties to use their highway user tax funds to pay for the maintenance and removal of cattle guards
- 7) Removes an inconsistency in current law by deleting motorized scooters from the list of vehicles requiring a motorcycle endorsement or permit, but still requiring that a person must have a valid license or permit of any class to operate a motorized scooter.
- 8) Allows a motor carrier who has paid its fees and submitted its Motor Carrier Permit renewal to the DMV to continue operating until the permit has been received, provided the carrier had a valid permit the previous year.

COMMENTS:

This is the Assembly Transportation Committee’s policy omnibus bill. Unlike the traditional annual transportation omnibus bill – SB 358 this year – this bill can contain major policy changes or issues for which there is opposition. The bill is jointly authored by all the members of the committee. There is no opposition to any of these provisions. Each is discussed below.

- 1) *CTC independence.* The Legislature originally created the CTC in 1978 as a result of concerns that the state lacked a single, unified transportation policy. The 13-member Commission oversees and coordinates the activities of the state’s transportation sector, including planning and allocating money for the construction of highway, rail, and transit improvements throughout California. CTC is statutorily vested with the responsibility to advise both the Governor and the Legislature on transportation issues.

In 2012, Governor Brown proposed a major restructuring of the Executive Branch, presumably to improve clarity, organization, and accountability by eliminating agencies, forming new agencies around better focused missions, and bringing more state activities under agency structures for greater administrative efficiency. The plan included the disbanding of the Business, Transportation, and Housing Agency, the creation of CalSTA, and the inclusion of CTC within CalSTA.

The shift of CTC to be part of an administrative agency was one of the more contested components of the reorganization plan. At a hearing before California's Little Hoover Commission (which was responsible for reviewing the plan and making recommendations to the Legislature as to whether the plan should go forward or not), opponents to the CTC move suggested that CTC's independence was vital to the administration of the state's transportation programs and that placing CTC within CalSTA would threaten that independence. They cited as an example the fact that this shift makes the CalSTA Secretary statutorily responsible for management control over the administrative, fiscal, and program performance of CTC, yet the CTC Executive Director, who serves at the pleasure of the Commissioners, is accountable for these functions to the Commissioners, not the Secretary.

This bill removes CTC from within CalSTA and reestablishes it as an independent entity in state government. It replicates AB 2734 (Frazier, 2018), a bill that passed unanimously out of both houses of the Legislature and was vetoed by Governor Brown.

- 2) *Caltrans "best-value" procurement.* The majority of public sector contracts in California are awarded strictly on a "low-bid" basis where the contractor submitting the lowest responsive and responsible bid is awarded the contract. While the low-bid procurement system has a long-standing legal precedence and has promoted open competition, there are concerns that a system based strictly on the lowest price does not provide the best overall product value and can result in higher costs over the long-term. As a result, Caltrans is often forced to work with less than adequate equipment, unreliable suppliers, limited warranties and performance, and higher than normal maintenance costs.

In response, the Legislature passed and Governor Brown signed into law AB 1857 (Frazier), Chapter 381, Statutes of 2014, which authorized DGS to conduct a pilot to test the effectiveness of the "best value" procurement method for purchasing and equipping heavy fleet vehicles and special equipment for Caltrans. The DGS pilot sunsets on January 1, 2021.

This bill makes three changes to the DGS pilot in order to improve the effectiveness of the program that arose from discussions between Caltrans and industry partners. First, this section extends the sunset for one year to January 1, 2022, due to the delayed roll-out of the program to ensure there is enough time to adequately test the process. Second, it increases the amount DGS can procure through this program each year from \$20 million to \$50 million. This is necessary because the vehicles Caltrans purchases are often very expensive; one order can exceed \$20 million. A higher limit will enable the state to better test the efficacy of this procurement method. And third, this bill shifts the program from a calendar year to a fiscal year to avoid confusion in implementation as Caltrans budgets its procurements on a fiscal year basis.

- 3) *San Diego Metropolitan Transit System (MTS)*. Current law exempts transit districts from city and county zoning and building ordinances. MTS was established as a “transit development board” so was technically not a transit district, yet it was treated as such by San Diego City and County. This provision clarifies that MTS is a transit district, ensuring that San Diego’s current practice continues.
- 4) *Bonds*. Revenue bonds may be issued by local transportation authorities in conjunction with a sales tax increase. Current law requires that those bonds be signed by either the Chair or Vice-Chair of the authority and the auditor-controller of the authority. This bill permits an authorized officer of the authority to sign the bond in lieu of the Chair or Vice-Chair.
- 5) *Relinquishment*. Each session, numerous bills authorizing CTC to relinquish segments of the state highway to local jurisdictions are passed by the Legislature and signed by the Governor. Relinquishment transactions are generally preceded by a negotiation of terms and conditions between the local jurisdiction and Caltrans. Once an agreement has been established, the Legislature authorizes CTC to relinquish the segment and CTC then approves the relinquishment and verifies its approval via resolution. The final step is for the Legislature to delete these segments from current law.

This bill is consistent with Caltrans' policies that encourage the relinquishment of state highways that do not serve regional or statewide transportation needs. Recipient agencies often seek relinquishment of state highways so that they can have greater control over the facility, which often serves as a local street.

State Route 72 is in Whittier from Route 39 to Route 605, except that small portions have already been relinquished in the City of Montebello, the City of Pico Rivera, and the County of Los Angeles. This bill authorizes the CTC to

negotiate the relinquishment of the remainder of State Route 72 except for the portion located in the City of La Habra.

- 6) *Cattle Guards*. Cattle guards are the perpendicular striping or metal grids which constrain the movement of cattle. This bill authorizes counties to spend state gas taxes to maintain or remove these facilities. This provision clarifies differing interpretations of eligibility by the Controller's Office. The bill does not provide any new funding for this purpose.
- 7) *Motorized scooters*. This bill addresses an inconsistency in state law that is creating problems for public safety officers to enforce existing requirements. Currently, one section of the Vehicle Code specifies that operators of motorized scooters must have a valid driver's license, while other sections of the Vehicle Code require a motorized scooter operator to have a motorcycle endorsement. This bill deletes the motorcycle endorsement requirement.
- 8) *Motor Carrier Permits*. The recent DMV delays have effected all DMV customers, including commercial truckers who need Motor Carrier Permits. Between mid-February and mid-March of 2018, a DMV IT failure delayed processing of Motor Carrier Permits causing some truckers to receive their permits late despite having applied for them on time. This bill addresses that problem by authoring a permit holder to operate for an additional 30 days after permit expiration provided the permit holder is in good standing and submitted the application on time. The substantial additional funding provided to the DMV should prevent this problem from reoccurring.
- 9) *Double Referral*. This bill has also been referred to the Senate Committee on Governmental Organization.

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

According to the Assembly Appropriations Committee:

Regarding the use of best value procurement, Caltrans reports it is still too early to show any direct cost savings from the pilot, since the savings value is based on the total lifecycle cost of ownership. However, Caltrans continues, the resale value of trucks purchased through the best value bid process is expected to be approximately three times greater compared to the existing fleet, and increased engine longevity on best-value-bid trucks is also expected to save approximately \$35,000 per truck lifecycle.

Many of the provisions in this version of the bill were added subsequent to the Appropriations Committee analysis and were therefore not analyzed.

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

CalTax
RCRC

OPPOSITION:

None received.

-- END --

- 7) The proposed designation may not supersede an existing designation unless the sponsor can document that a good faith effort has uncovered no opposition to rescinding the prior designation.

This resolution designates the Alamo River Bridge on the Evan Hewes Highway (State Route 115) at the entry to the City of Holtville, California, as the Marine Corporal Erik H. Silva Memorial Bridge. It requests that the Department of Transportation determine the cost of appropriate signs and, upon receiving donations from non-state sources sufficient to cover the cost, to erect those signs.

COMMENTS:

- 1) *Purpose.* The author introduced this resolution to honor the life and service of Marine Corporal Erik H. Silva.
- 2) *Background.* Marine Corporal Erik H. Silva was born on September 10, 1980, in Brawley, California, and grew up in the City of Holtville, California, an agricultural town located in California's Imperial Valley. He graduated from Holtville High School in 1998. Silva was the youngest of four children and was the third sibling to serve in the United States Armed Forces with his older brother Isaac Silva serving a total of 12 years in the United States Air Force and the California Army National Guard while his older sister Gloria Silva served 10 years in the United States Navy. An infantry rifleman, Marine Corporal Silva died in combat when his platoon was ambushed in Iraq during Operation Iraqi Freedom on April 3, 2003. He was just 22 years old and nearly six months short of completing his first enlistment before being honorably discharged to then seek a career with the Department of the California Highway Patrol.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, June 19, 2019.)

SUPPORT:

American G.I. Forum Of California
American Legion Auxiliary Bradley Keffer Unit 138
American Legion, Department Of California
Amvets, Department Of California
California Association Of County Veterans Service Officers
California State Commanders Veterans Council
City of El Centro
County Of Imperial Sheriff'S Office

Military Officers Association Of America, California Council Of Chapters

Private citizen one

Private citizen three

Private citizen two

Supervisor Raymond R. Castillo, County of Imperial, District 5

Vietnam Veterans Of America, California State Council

OPPOSITION:

None received.

-- END --