



# 2016 AQMP DRAFT FINANCIAL INCENTIVES FUNDING ACTION PLAN

Working Group Meeting

August 18, 2017

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# Background

- 2016 AQMP/State SIP Strategy – Need to Accelerate Turnover of Older Vehicles/Equipment as Early as Possible to Meet Ozone Air Quality Standard
- 45% NO<sub>x</sub> Reduction by 2023, and an additional 55% NO<sub>x</sub> Reduction by 2031
- What funding levels are needed?
  - ~\$12 to \$14 Billion Over the Next 7 to 15 Years
  - About \$1 Billion Per Year (average)
- Historically, ~\$100 – 150 Million/Yr in Incentives Funds

# Current Funding Programs

Funding Program	Funding to South Coast
Carl Moyer Program (SB 1107)	~\$30 Million/Yr
Lower Emission School Bus Program (AB 923)	~\$25 Million/Yr
AB 2766 (MSRC/Local Governments)	~\$37 Million/Yr
Proposition 1B – Goods Movement Emission Reduction Program	\$137 Million (Current Year) \$367 Million (Past 4 Years)
EFMP & Plus Up (Replace Your Ride Program)	\$21 Million (GGRF - LCT) \$6.5 Million (AB 118)
CARB GGRF – Development of Zero Emission Drayage Trucks	\$23 Million
EPA Diesel Emission Reduction Program (DERA)	\$1.3 Million/Yr (Avg)
<b>Total Funding Level</b>	<b>~\$268,000,000</b>



# Draft Financial Incentives Funding Action Plan

- Includes Guiding Principles to Secure and Allocate Incentives Funds
- Identifies Potential Sources of Funding Revenues
- Proposes Activities to Secure Additional Funding Revenues
- Released for Public Comments – December 2016



# Draft Guiding Principles to Secure and Allocate Incentive Funds

- Evaluate all potential opportunities (local, state, and federal)
- No diversion from purposes other than air quality
- Minimize economic impact to the funding source
- Collaborative approach to a prioritized specific set of potential revenue sources



# Draft Guiding Principles to Secure and Allocate Incentive Funds

- Develop a coalition of stakeholders to educate elected officials on the need for funding and the benefits
- Ensure funding provides additional criteria pollutant reduction co-benefits
- Maximize disbursements/benefits to residents living in environmental justice and disadvantaged communities

# Funding by State SIP Strategy "Further Deployment" Measures

Measure	State SIP Strategy 2023 NOx Reduction (tpd)	2023 NOx Reduction (tpd) Associated with Funding	Funding Estimate per Year to Meet 2023	Funding Estimate per Year to Meet 2031
<b>Light-Duty Vehicles</b>	<b>7</b>	<b>--</b>		
<b>On-Road Heavy-Duty Vehicles</b>	<b>34</b>	<b>33.3</b>		
Medium Heavy-Duty Vehicles		5.9	\$172,150,000	\$161,500,000
Heavy Heavy-Duty Vehicles		27.4	\$342,900,000	\$213,400,000
<b>Off-Road Equipment</b>	<b>21</b>	<b>24.4</b>		
TRUs, Forklifts, GSE, etc.		9.7	\$375,000,000	\$235,700,000
Construction & Industrial		9.6	\$252,500,000	\$144,750,000
Diesel Small Off-Road Engines		3.1	\$22,500,000	\$10,930,000
Passenger Locomotives		2.0	\$4,000,000	\$1,700,000
<b>Federal/International Sources</b>	<b>40</b>	<b>40.4</b>		
Freight Locomotives		17.2	\$330,200,000	\$161,250,000
Ocean-Going Vessels		17.3	\$30,950,000	\$15,600,000
Aircraft		5.9	\$97,000,000	\$60,675,000
<b>Total</b>	<b>102</b>	<b>98.1</b>	<b>\$1,627,200,000</b>	<b>\$1,005,505,000</b>

# Number of Vehicles/Equipment to be Turned Over and Funding per Vehicle/Equipment

Measure	2023		2031		Total Number of Vehicles/Equipment
	Number of Vehicles/Equipment	Funding per Vehicle	Number of Vehicles/Equipment	Funding per Vehicle	
<b>On-Road Heavy-Duty Vehicles</b>					
Medium Heavy-Duty Vehicles	68,860	\$15,000	35,100	\$35,000	103,960
Heavy Heavy-Duty Vehicles	82,300	\$25,000	18,600	\$50,000	100,900
<b>Off-Road Equipment</b>					
TRUs, Forklifts, GSE, etc.	90,000	\$25,000	42,000	\$25,000	132,000
Construction & Industrial	10,100	\$150,000	3,300	\$155,000	13,400
Diesel Small Off-Road Engines	270,000	\$500	36,000	\$500	306,000
Passenger Locomotives	12	\$2,000,000	--	--	12
<b>Federal/International Sources</b>					
Freight Locomotives	566	\$3,500,000	79	\$3,500,000	645
Ocean-Going Vessels	3,714 calls	\$50,000/call	644 calls	\$50,000/call	4358 calls
Aircraft	388	\$1,500,000	197	\$1,500,000	585



# Potential Funding Opportunities (Abbreviated List)

Potential Funding Opportunity
Expansion of EPA Diesel Emission Reduction Act (DERA) Funding
Volkswagen Settlement - \$800 Million Statewide – Zero Emission Vehicle-Related Investments
Volkswagen Settlement - \$381 Million Statewide – NOx Mitigation
CARB AB 118 - Air Quality Improvement Program (CARB) - \$25 Million Statewide
CARB Low Carbon Transportation - \$363 Million Statewide
CEC AB 118 - Alternative and Renewable Fuel and Vehicle Technology Program - \$100 Million Statewide
Expanded Motor Vehicle Registration Fees - (~12 Million Registered Vehicles, \$2 Increase Will Provide ~\$24 Million)
Cargo Container Fee (~11 to 12 Million TEUs @ \$35/TEU = \$385 Million)

# Potential Funding Opportunities (Continued)

## Potential Funding Opportunity

Mileage-Based User Fee (\$0.005/Mile Add-On to SCAG RTP/SCS Analysis = \$1.04 Billion)

Gasoline/Diesel Excise Tax Add-On (~7.2 Billion Gallon @ \$0.01/Gal = \$72 Million)

Crude Oil Sales Tax (~28.5 Million Barrels @ \$40/barrel with 10% Tax = \$114 Million)

Property Tax (\$2.3 Trillion Secured and Unsecured Tax Roll @ 0.01% = \$230 Million)

Retail Sales Tax Add-On (\$273 Billion Taxable Sales @ 0.1% = \$273 Million)

New Bond Measures (Similar in Concept to Proposition 1B)

New Ballot Measures (Similar in Concept to LA County Measure M)



# Working Group Input

- Need input on potential and new funding opportunities
- Expansion of existing programs as well as new funding sources
- Establish priorities and identify early actions to secure funding
- Public and private partnerships will be “key” to the successful implementation of this funding plan
- Form coalition(s) now to support legislative-related activities