



**Agenda Pages 120, 146, 165, 167, 168, and 369—Items 3360-001-3117, 3790-001-0001, 3900-001-0044, 3900-001-3119, and 6870-111-0001
Proposed Appropriations from AB 118 Monies (Chapter 750, Statutes of 2007, Núñez)**

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(In Thousands)

Item	Governor	Senate	Assembly	LAO Recommendation	
Alternative and Renewable Fuel and Vehicle Technology Fund	\$100,891	\$87,391	\$100,891	\$100,891	
Energy Commission <i>Alternative and Renewable Fuel and Vehicle Technology Program</i>	100,891	50,891	100,891	100,891	(A): Commission able to make \$100 million in financial awards in BY.
Air Resources Board (ARB) <i>Ongoing Implementation of the Global Warming Solutions Act ("AB 32")</i>	— ^a	24,000 ^b	— ^a	—	(A): We recommend a compromise on funding AB 32 that does not use AB 118 monies, leaving them for statutorily intended uses.
Community Colleges <i>Career Technical Education: Green Technology</i>	—	12,500 ^b	—	—	(A): Use of AB 118 monies, as proposed by (S), for career technical education not directly related to alternative and renewable fuels or vehicles represents major policy shift.
Air Quality Improvement Fund	\$48,700	\$48,708	\$48,700	\$48,700	
Department of Parks and Recreation <i>Diesel Vehicle Emissions Retrofit</i>	— ^c	918 ^b	— ^c	—	(A): Using AB 118 monies for regulatory compliance represents major policy shift.
ARB <i>Financial Incentives Program: Heavy-Duty Diesel Vehicles and Equipment</i>	48,700	40,965	48,700	48,700	(A): Universe of vehicles affected by ARB's diesel regulations is large, so ARB should have little difficulty making financial awards in BY totaling the (A) appropriation.
<i>Regulatory Implementation and Enforcement</i>	— ^d	6,825 ^b	— ^d	—	(A): The MVA is appropriate funding source for regulation of mobile sources of pollution.
Totals	\$149,591	\$136,099	\$149,591	\$149,591	

^a Governor and (A) propose \$30.5 million from the Air Pollution Control Fund, supported by a loan from the Beverage Container Recycling Fund (BCRF), for AB 32 implementation. (S) proposes \$24 million from AB 118 monies and \$8 million from a yet-to-be-developed fee and rejects the loan from the BCRF.
^b Requires TBL to authorize use of AB 118 monies for (S) purposes.
^c Governor and (A) propose \$918 thousand from GF.
^d Governor and (A) propose \$8.5 million from the Motor Vehicle Account (MVA).

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Background Information on Eligible Uses of AB 118 Monies:

Assembly Bill 118 temporarily raises various vehicle and vessel registration fees and smog abatement fees. The statute created three new accounts into which the resulting revenue is to be placed. The statute directs that revenues from the fee increases be placed into the accounts in order to pay for new programs, as follows:

- Alternative and Renewable Fuel and Vehicle Technology (ARFVT) Fund (Estimated Annual Revenues of About \$100 Million).*** As established by the Legislature, the ARFVT Fund is to provide resources to implement the ARFVT Program, under which the Energy Commission is to provide financial incentives, such as grants, loans, and loan guarantees, to further the development and commercialization of technologies for renewable and nonpetroleum fuels that help to achieve the state's climate change goals. In addition, statute requires that \$10 million be transferred every year from the fund to the Energy Commission-administered Public Interest Research Development and Demonstration Fund.
- Air Quality Improvement (AQI) Fund (Estimated Annual Revenues of About \$50 Million).*** According to statute, the AQI Fund is to provide resources for the AQI Program. Under this program, the Air Resources Board (ARB) is to award competitive grants for air quality improvement projects related to fuel and vehicle technologies.
- Enhanced Fleet Modernization Subaccount (Estimated Annual Revenues of About \$30 Million).*** Assembly Bill 118 also created this subaccount within the High Polluter Removal and Repair Account. Revenues in this subaccount are to be used by the Bureau of Automotive Repair, in consultation with ARB, to provide financial compensation for the retirement of high-polluting California vehicles. There are no proposed budget-year appropriations from this fund.