

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Eng Analyst: Deborah Barrett Bill Number: AB 1097
Related Bills: See Legislative History Telephone: 845-4301 Introduced Date: February 27, 2009
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Shall Only Purchase Or Lease Motor Vehicles That Have Fuel Efficiency Of At Least 35 Miles Per Gallon

SUMMARY

This bill would require a state agency, department, officer, or other entity to only purchase or lease a motor vehicle that has a fuel efficiency of at least 35 miles per gallon of gasoline.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to stimulate purchasing in the vehicle industry and ratchet up fuel efficiency standards by using state vehicles as a model.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2010, and would be operative on and after that date.

POSITION

Pending.

ANALYSIS

STATE LAW

Under state law, the combined annual purchases by each State entity of passenger vehicles and light duty trucks that are powered solely by internal combustion engines utilizing fossil fuels are required to meet the minimum State average fuel economy standard of 27.5 miles per gallon (MPG) for passenger vehicles and 22.2 MPG for light duty trucks. Seventy-five percent of the State's light duty vehicle purchases are required to be Alternative Fuel Vehicles.

State law provides that the standard is achieved by selecting sufficient vehicles that meet or exceed the standard to offset any vehicles purchased that are below the standard. Exempt from this requirement are emergency vehicles or vehicles that are modified for the purpose of providing services by a State entity to an individual with a disability or a developmental disability, or as a reasonable accommodation to an employee for a known physical or mental disability.

Board Position:

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Department Director

Date

Selvi Stanislaus

04/22/09

THIS BILL

This bill would require a state agency, department, officer, or other entity to only purchase or lease a motor vehicle that has a fuel efficiency of at least 35 MPG of gasoline.

“Motor vehicle” is defined to mean a passenger vehicle, light-duty truck, or any other vehicle determined by the California Air Resources Board to be a vehicle with a primary use that is noncommercial personal transportation.

IMPLEMENTATION CONSIDERATIONS

It is unclear how the author intends for state agencies to handle existing lease agreements under this bill. Is it the intention for the agency to terminate any lease for a vehicles with a fuel efficiency standard that fails to meet the standards prescribed by the bill, or would the bill's requirements apply to new agreements entered into after the effective date of the bill? Clarification would assist Franchise Tax Board (FTB) to implement the bill as the author intended.

This bill requires the department to lease or purchase vehicles with the prescribed fuel efficiency rating but is silent on what would happen if there are no vehicles available for the described purpose of the vehicle acquisition that meet the 35 MPG fuel efficiency requirement. Light duty trucks, for example, often have lower fuel efficiency ratings than that required by this bill. Implementing this bill could be problematic if it prevents obtaining a vehicle to meet a specific need because it does not have the required fuel efficiency standard.

LEGISLATIVE HISTORY

AB 2264 (Pavley, Chapter 767, Statutes of 2006) required Department of General Services to establish minimum standards for the purchase of passenger vehicles and light duty trucks for the state fleet that are powered solely by internal combustion engines utilizing fossil fuel.

FISCAL IMPACT

FTB currently has a fleet of 12 vehicles that are leased from the State Garage. This bill would require FTB to replace 11 of the 12 vehicles that do not meet the fuel efficiency ratings prescribed under this bill. A cost estimate will be developed as the bill moves through the legislative process.

ECONOMIC IMPACT

The provisions of this bill would not impact state income tax revenues.

LEGISLATIVE STAFF CONTACT

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