
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 620 (Jackson) - Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program: rental vehicles

Version: February 13, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: E.Q. 8 - 0, TRANS. 15 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would require the California Air Resources Board (CARB) to consider certain factors regarding the impacts and benefits of rental medium- and heavy-duty zero-emission vehicles in any regulation regarding their procurement.

Fiscal Impact:

- CARB estimates ongoing costs of \$678,000 annually (Air Quality Improvement Fund) and three positions to undertake the following activities: (1) establish a rental vehicle liaison to study and evaluate the medium- and heavy-duty rental vehicle market and the role of rental companies and shared mobility, (2) determine the relative environmental and supply chain benefits of renting medium- and heavy-duty ZEVs and shared mobility and (3) incorporate the information derived from the preceding activities into regulations.

Background:

Medium- and heavy-duty ZEV rules. Nearly 40% of California's GHG emissions are generated by the transportation sector, which includes both the light-duty (passenger) and medium- and heavy-duty fleets. Heavy-duty diesel trucks also contribute to unhealthy levels of ozone, inhalable particulate matter, carbon monoxide, nitrogen oxide (NOx), and sulfur dioxide, affecting local air quality. Trucks make up only 6% of the state's vehicle population, but they represent almost a quarter of the state's transportation GHG emissions and nearly half the NOx emissions. In the transportation sector, measures to reduce GHG emissions include requiring the use of low-carbon fuels, cleaner vehicles, and strategies to promote sustainable communities and improved transportation choices that reduce growth in number of vehicle miles traveled.

To further the transition to a zero-emission fleet, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20, which requires 100% of medium- and heavy-duty vehicles in the state to be zero-emission by 2045 for all operations where feasible and by 2035 for drayage trucks. EO N-79-20 charges CARB with developing and proposing medium- and heavy-duty vehicle regulations requiring increasing volumes of new zero-emission trucks and buses sold and operated in the state towards that goal. To this end, and in furtherance of their mandate to reduce emissions from mobile sources to help reach the state's climate and air quality goals, CARB unanimously approved the Advanced Clean Fleet (ACF) regulations.

Advanced Clean Fleets. Approved by the CARB Board in April 2023, ACF requires a phased-in transition toward zero-emission medium- and heavy-duty vehicles. The rule is

expected to generate \$26.6 billion in health savings from reduced asthma attacks, emergency room visits, and respiratory illnesses. Furthermore, fleet owners will save an estimated \$48 billion in their total operating costs from the transition through 2050.

Under the rule, fleet owners operating vehicles for private services such as last-mile delivery and federal fleets such as the Postal Service, along with state and local government fleets, will begin their transition toward zero-emission vehicles starting in 2024. The rule includes the ability to continue operating existing vehicles through their useful life. Due to the impact that truck traffic has on residents living near heavily trafficked corridors, drayage trucks will need to be zero-emissions by 2035. All other fleet owners will have the option to transition a percentage of their vehicles to meet expected zero-emission milestones, which gives owners the flexibility to continue operating combustion-powered vehicles as needed during the move toward cleaner technology. For example, last-mile delivery and yard trucks must transition by 2035, work trucks and day cab tractors must be zero-emission by 2039, and sleeper cab tractors and specialty vehicles must be zero-emission by 2042.

...But then, everything changed. On January 13th, 2025 (425 days after the request was submitted to the U.S. EPA), CARB withdrew the Federal Clean Air Act waiver requests pending U.S. EPA approval that were necessary to enforce the majority of the ACF regulations. Accompanying the decision, CARB issued an update that read:

“California has withdrawn its request for a waiver and authorization for the addition of the ACF Regulation to its emissions control program. At this time, CARB is evaluating next steps. CARB is not enforcing the existing portions of the ACF Regulation that require a federal waiver or authorization, such as the portions of the ACF Regulation that apply to high priority and drayage fleets. However, not all elements of the ACF Regulation require a federal waiver or authorization. The state and local government fleets portion of the ACF Regulation remains unaffected. Because CARB is committed to reducing air pollution to protect public health, we encourage affected industries to continue reducing their emissions and we look forward to continued partnership in these efforts.

Proposed Law: This bill would require CARB to consider certain factors any time it adopts or amends a regulation to develop or implement the Medium- and Heavy-duty Zero-emission Vehicle Fleet Purchasing Program or any other regulation regarding the procurement or use of medium- and heavy-duty zero-emission vehicles (ZEVs) by a public or private fleet.

The factors ARB must consider are:

1. That customers, not rental companies, drive rental vehicles and are responsible for the miles driven and any associated emissions.
2. The role that rental or shared mobility of medium- and heavy-duty ZEVs can play in helping obligated entities comply with regulations in a more cost-effective and flexible manner.

3. The role that rental or shared mobility of medium- and heavy-duty ZEVs can play in exposing customers to medium- and heavy-duty ZEV technology and related charging infrastructure and educating them about associated benefits, including lower maintenance and fuel costs.
4. The public health, air quality and climate benefits of minimizing vehicle miles traveled of fossil-fueled medium- and heavy-duty vehicles, or of increasing vehicle miles traveled of medium- and heavy-duty ZEVs via rental vehicles.
5. The environmental and supply chain benefits of renting medium- and heavy-duty ZEVs compared to procuring them.

Related Legislation:

AB 637 (Jackson, 2024) allowed both vehicle rental companies and fleets renting those vehicles for at least 260 days per year to count that vehicle towards their compliance with regulations requiring the purchase of zero-emission vehicles. AB 637 was vetoed.

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