
THIRD READING

Bill No: AB 620
Author: Jackson (D)
Introduced: 2/13/25
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 8-0, 7/2/25
AYES: Blakespear, Valladares, Dahle, Gonzalez, Hurtado, Menjivar, Padilla,
Pérez

SENATE TRANSPORTATION COMMITTEE: 15-0, 7/8/25
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Cervantes, Dahle,
Gonzalez, Grayson, Limón, Menjivar, Richardson, Seyarto, Umberg, Valladares

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 79-0, 6/2/25 - See last page for vote

SUBJECT: Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing
Assistance Program: rental vehicles

SOURCE: Enterprise Mobility

DIGEST: This bill requires the California Air Resources Board to consider certain factors regarding the impacts and benefits of rental medium- and heavy-duty zero-emission vehicles in any regulation regarding their procurement.

ANALYSIS:

Existing law:

- 1) Establishes California Air Resources Board (CARB) as the air pollution control agency in California and requires CARB, among other things, to control emissions from a wide array of mobile sources and coordinate with local air districts to control emissions from stationary sources in order to implement the

Federal Clean Air Act. (Health and Safety Code (HSC) § 39602; HSC § 39602.5)

- 2) Provides, pursuant to the California Climate Crisis Act (AB 1279 (Muratsuchi), Chapter 337, Statutes of 2022) that it is the policy of the state to achieve net zero greenhouse gas (GHG) emissions as soon as possible but no later than 2045; and ensure that by 2045, GHG emissions are reduced to at least 85% below 1990 levels.
- 3) Establishes, the Advanced Clean Fleets (ACF) Regulation, Title 13 California Code of Regulations (CCR), Article 3.2 *et seq.*

This bill:

- 1) Requires CARB, for any regulation adopted or amended pursuant to the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program or any other mandate for medium- and heavy-duty ZEV purchase, to consider:
 - a) Who drives rental vehicles.
 - b) The role rentals or shared mobility can play in cost-effective compliance.
 - c) The role rentals or shared mobility can play in consumer education.
 - d) The benefits of maximizing ZEV vehicle miles traveled via rentals.
 - e) The environmental and supply chain benefits of renting ZEVs versus buying them.

Background

- 1) *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.

- 2) *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.

- 3) *...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.¹ Accompanying the decision, CARB issued an update that read:

¹ Advanced Clean Fleets. CARB. <https://ww2.arb.ca.gov/our-work/programs/advanced-clean-fleets> Accessed 6/13/25

“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.”

Comments

- 1) *Purpose of Bill.* According to the author, “Certain CARB regulations, like the Advanced Clean Fleet (ACF) rule, were a missed opportunity to consider how rental ZEV trucks can provide regulatory compliance flexibility, reduce emissions, and improve public health. Fundamentally, customers of rental companies drive the trucks and thus should be responsible for the associated emissions. Regulations that reflect this reality can provide regulated entities like local governments with meaningful and cost-effective compliance options given the well-documented cost premium of EV trucks and lack of sufficient charging infrastructure.”
- 2) *How do rentals work with ACF?* The ACF regulation covers state and local government fleets, drayage trucks, and “high-priority” fleets (those of companies that either have \$50M+ in gross annual revenues or that control 50 or more vehicles). By both criteria, many car rental companies (including this bill’s sponsor, Enterprise) would count as a high-priority fleet, and so they must comply with ACF.

Despite being high-priority fleets, rental companies serve a different role than most others in that classification. Despite purchasing and owning the vehicles, rental companies themselves are not the ones putting the miles on them. Instead, individuals, businesses, and governments all might be the end user actively driving the vehicle, some of whom may themselves be covered under ACF.

Recognizing this incongruence—and the potential role long-term rentals could play in ACF compliance—CARB included a provision in the ACF regulation stating that long-term (i.e. 365+ day) rentals could count for the renter as

compliance with ACF for that year.

However, as was discussed with last year's AB 637, assigning appropriate credit for the ZEV proved difficult under ACF. In short, since some car rental companies are high-priority fleets, they are required to purchase ZEVs. Since some ACF-covered fleets may choose to comply through long-term rentals, they may wish to rent those same ZEVs. Since CARB does not want to "double-count" a vehicle, they wanted any given vehicle to only count towards one or the others' obligations. This created incentives that were at odds with the intended outcomes (i.e. requiring car rental companies to buy ZEVs but discouraging them from renting them out long-term).

Given all of the consternation around the implementation of rental fleets under ACF, this bill directs CARB to *consider* certain relevant factors. This leaves CARB the discretion to develop regulations without prescriptive requirements for rental fleets, but it should provide more confidence that future regulations would not face the same issues ACF does. Particularly given the uncertain future California's ZEV mandates face, such an open-ended approach may be reasonable here.

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

According to the Senate Appropriations Committee:

- 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

SUPPORT: (Verified 8/29/2025)

Enterprise Mobility (Source)
Associated General Contractors, California Chapters
California Electric Transportation Coalition
California Special Districts Association
California State Association of Counties
California Trucking Association
Contra Costa Water District

Enterprise Holdings
Lake Forest; City of
League of California Cities
Visalia; City of

OPPOSITION: (Verified 8/29/2025)

None received

ASSEMBLY FLOOR: 79-0, 6/2/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

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