



# Los Angeles Area Chamber of Commerce

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## **POLICY BRIEF: Proposition 10 California Renewable Energy and Alternative Fuel Act**

**Summary:** Proposition 10 leverages a \$5 billion bond to provide cash incentives, research and development capital and educational grants for alternative fuel vehicles and renewable electricity technologies.

**Background:** The California Renewable Energy and Alternative Fuel Act provides funding for incentive and educational programs. The money is split into a variety of accounts with specific purposes (as listed below on the California Secretary of State Website):

- 1) 58 percent in cash payments of between \$2,000 and \$50,000 to purchasers of certain high fuel economy and alternative fuel vehicles; (CARB)
- 2) 20 percent in incentives for research, development and production of renewable energy technology; (CEC)
- 3) 11 percent in incentives for research and development of alternative fuel vehicle technology; (CEC)
- 4) Five percent in incentives for purchase of renewable energy technology; (CEC)
- 5) Four percent in grants to eight cities for education about these technologies; and (CEC)
- 6) Three percent in grants to colleges to train students in these technologies. (CEC)

Each of the accounts is to be administered by a specified state agency. Alternative fuels money would be administered by the California Air Resources Board. Electricity research and development, incentive and education and out reach funds would all be administered by the California Energy Commission.

The Legislative Analyst and Director of Finance expect that the fiscal impact of this bond would be about \$9.8 billion over 30 years to pay down the principle and interest. Money from the bond would be required to be spent within 10 years of its passage with only one percent of the funds can be used for administration.

The Chamber's utility members, Southern California Edison, Sempra Energy and the Los Angeles Department of Water and Power remain neutral or have not taken positions on this bill.

**Status:** This bond has qualified for the November 4, 2008 ballot

**Proponents:** Californian's for Clean Renewable Energy

**Opponents:** None available

**Staff Recommendation:** Oppose