



CALIFORNIA STATE TREASURER BILL LOCKYER

NEWS RELEASE

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Treasurer Lockyer Announces Partnership with Air Resources Board to Help Diesel Trucks Reduce Emissions ***Loan Guarantees Will Help Truckers Comply with Regulations***

SACRAMENTO – State Treasurer Bill Lockyer today announced his office will team with the California Air Resources Board (ARB) on a \$48 million loan guarantee program to help California truckers comply with new diesel emissions regulations.

“This program gives California a double benefit at a critical time,” said Lockyer. “It will help the state implement groundbreaking regulations to improve air quality and help fight climate change, and protect jobs by giving truckers access to capital they need to stay on the road in these tough economic times.”

“We applaud this partnership loan program that will help truckers meet the state’s clean air standards, rules that set the high bar for other states to follow,” said ARB chairman, Mary D. Nichols. “These funds bring California a step closer in protecting the health of 38 million Californians.”

The California Pollution Control Finance Authority (CPCFA), chaired by Lockyer, today approved an agreement with the ARB that will govern the new diesel emissions program. The agreement calls for the diesel loan initiative to be operated as part of CPCFA’s existing small business loan guarantee program, the California Capital Access Program (CalCAP). CalCAP aims to encourage banks and other financial institutions to make loans to small businesses that fall just outside of most banks’ conventional underwriting standards. Under the program, CalCAP puts money into loan loss reserves for each participating financial institution. Each financial institution’s reserve fund grows as it makes new loans. The reserve funds can be tapped to provide up to 100 percent coverage on defaults. Using this model, CalCAP has a historically low default rate. Currently, 57 financial institutions participate in CalCAP.

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Under CPCFA's partnership with ARB on the diesel initiative, the ARB will contribute a percentage of the loan principal – about 14 percent – for each qualified loan - approximately 14 percent - into lending institutions' loan loss reserve accounts. The agreement caps the ARB's total CalCAP contribution at \$48 million. The \$48 million could leverage roughly \$350 million in loans to truckers and small trucking fleets. The loan proceeds can be used to purchase new trucks, used trucks, smartway products and exhaust retrofits. Pursuant to CalCAP regulations, the maximum loan amount will be \$1.5 million, and the recipient businesses must have fewer than 100 employees and less than \$10 million in annual revenues.

The CPCFA and CARB anticipate launching the program later this spring.

The two agencies also provide a loan guarantee program through CalCAP to owners of off-road diesel vehicles for assistance with exhaust retrofits necessary to comply with recently adopted off-road diesel vehicle regulations. These vehicles are commonly used in construction, mining, and other industrial operations.

Aside from administering the CalCAP program, CPCFA provides tax-exempt bond financing for pollution control projects. The financing helps California businesses acquire or build qualified pollution control, waste disposal or waste recovery facilities, or buy or install new pollution control equipment.

The CPCFA also runs the Cal ReUSE program, which offers low-interest, forgivable loans and grants to help public and private partners redevelop contaminated "brownfields."

For more information about CPCFA and the loan guarantee programs, visit www.treasurer.ca.gov/cpcfa.

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