

California State Senate

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September 2, 2011

The Honorable Edmund G. Brown, Jr.
Governor of California
State Capitol, First Floor
Sacramento, CA 95814

Re: Senate Bill 225 – California Capital Access Program

Dear Governor Brown:

This letter is to respectfully request your signature on Senate Bill 225, which allows the State Treasurer's Office to use a form of financing known as terminal rental adjustment clause (TRAC) leases. In so doing, SB 225 expands financing availability for upgrades required by the California Air Resources Board (ARB) regulations to improve air quality.

The ARB regulations require retrofitting and upgrading of truck engines starting in 2012, with all trucks required to have 2010 model year engines or equivalent by 2023. To help meet this goal the ARB signed a memorandum of understanding (MOU) with the State Treasurer's California Pollution Control Financing Authority (CPCFA) providing funding and loss protection for financial institutions lending to eligible trucking businesses that would not otherwise qualify for loans. To be eligible, businesses must have fleets of 40 or fewer trucks, 100 or fewer employees, and less than \$10 million in annual revenue.

In the trucking industry TRAC leases are a preferred form of financing. Designed specifically for trucks, these leases are often less expensive than typical loans yet still allow for the eventual purchase of the leased equipment at the end of the term. Under existing law, however, CPCFA is unable to include TRAC leases among the available financing tools provided pursuant to the California Capital Access Program (CalCAP). Senate Bill 225 allows CPCFA to use these leases under the Heavy Duty On-Road Truck Program pursuant to the provisions of CalCAP. The net result is to make more efficient use of limited program funding.

Senate Bill 225 enjoys the support of the State Treasurer Bill Lockyer, the California Trucking Association, and the Clean Fleets Coalition, among others.

There is no opposition to the bill.

I respectfully request your signature on Senate Bill 225.

Sincerely,

S. JOSEPH SIMITIAN
State Senator, Eleventh District

cc: Nancy McFadden, Executive Secretary
Gareth Elliott, Legislative Secretary
Martha Guzman-Aceves, Deputy Legislative Secretary