

Date of Hearing: March 27, 2023

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

AB 1267 (Ting) – As Amended March 16, 2023

SUBJECT: Zero-emission vehicle incentive programs: gasoline superusers

SUMMARY: Requires the California Air Resources Board (CARB) to provide an additional incentive to individuals for the purchase of zero-emission vehicles based on the average annual gallons of gasoline that the applicant's vehicle consumed. Specifically, **this bill:**

- 1) Requires CARB, on or before January 1, 2025, to develop and implement a strategy for doing all of the following:
 - a) Identifying drivers who are gasoline superusers and are low income or moderate income;
 - b) Expediting the replacement of gasoline-powered vehicles of low- and moderate-income superusers with zero-emission vehicle (ZEV)s;
 - c) Identifying barriers that prevent gasoline superusers from accessing ZEV incentive programs and adopting ZEVs; and,
 - d) Developing outreach protocols to target superusers and prioritize those superusers who are low income or moderate income and measure the success of outreach to gasoline superusers in each air district in the state.
- 2) Requires CARB, in advertising the availability of ZEV incentive programs to gasoline superusers, to consider coordinating with districts and local nonprofit and community organizations.
- 3) Requires CARB, upon appropriation by the Legislature, to ensure that beginning January 1, 2025, an additional incentive (the "superuser incentive") is awarded under a ZEV incentive program to superusers who otherwise qualify for an incentive under the ZEV incentive program.
- 4) Requires CARB to set the amount of the superuser incentive at a level that maximizes the displacement of gasoline and the reduction of emissions criteria pollutants and greenhouse gases (GHGs) per dollar spent.
- 5) Requires CARB to require an applicant to provide the vehicle identification number, the odometer reading from the applicant's vehicle registration, and the current odometer reading under penalty of perjury to verify whether the applicant qualifies as a gasoline superuser.
- 6) Requires CARB to report to the Legislature no later than January 1, 2025, and biennially after, on the following:
 - a) Gasoline emissions reduced per dollar spent on ZEV incentive programs;
 - b) Impacts of ZEV incentive program spending in terms of quantifiable carbon emissions reductions and transportation savings among low- to moderate-income individuals; and,
 - c) Changes in annual gasoline use at local levels by census tract or ZIP Code.

- 7) Defines “gasoline superuser” as a person who consumes an amount of gasoline in excess of a threshold established by CARB in the operation of an internal combustion engine vehicle registered to that person.
- 8) Requires CARB to establish the thresholds in a manner that maximizes the displacement of gasoline, the reduction of emissions of criteria pollutants and greenhouse gases per dollar spent, and the turnover of older vehicles for an incentive awarded. Requires CARB to consider establishing the gasoline threshold at 700 gallons in a calendar year.
- 9) Defines “zero-emission vehicle incentive program” or “ZEV incentive program” as a program that provides incentives to an individual for the purchase of a light-duty zero-emission vehicle and that receives funding from, or is administered by, CARB, including, but not limited to:
 - a) The Clean Cars 4 All Program;
 - b) The Clean Vehicle Rebate Project; and,
 - c) The Clean Vehicle Assistance Program.

EXISTING LAW:

- 1) Establishes the Air Quality Improvement Program, administered by CARB, with the primary purpose of funding, upon appropriation by the Legislature, air quality improvement projects relating to fuel and vehicle technologies that reduce criteria air pollutants and improve air quality. Also, funds research to determine and improve the air quality impacts of alternative transportation fuels and vehicles, vessels, and equipment technologies. (Health and Safety Code (HSC) 44274)
- 2) Establishes the Clean Cars 4 All Program, administered by CARB, to focus on achieving reductions in GHG emissions, improvements in air quality, and benefits to low-income state residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or a mobility option. (HSC 44124.5)

FISCAL EFFECT: Unknown

COMMENTS: The Legislature has set a number of goals to reduce GHG emissions and address climate change. The Global Warming Solutions Act of 2006, AB 32 (Nuñez), Chapter 488, Statutes of 2006 and subsequent companion legislation SB 32 (Pavley), Chapter 249, Statutes of 2016, requires California to reduce statewide GHG emissions to 40% below the 1990 level by 2030. The 1990 level is an aggregated statewide limit, and is not sector- or facility-specific. CARB is responsible for developing a Scoping Plan to detail how the state will achieve its GHG emissions reduction targets mandated by law.

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, NOx, and sulfur dioxide, affecting local air quality. In the transportation sector, measure 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 these efforts, at the end of 2020, Governor Newsom issued Executive Order (EO) N-79-20 which requires 100% of in-state sales of new passenger cars and trucks to be zero-emission by 2035. EO N-79-20 charges CARB with developing and proposing passenger vehicle and truck regulations requiring increasing volumes of new ZEVs sold in the State towards that goal.

Various State Programs are Intended to Reduce Emissions and Promote ZEVs. The state administers a wide variety of programs intended to reduce mobile source emissions, including programs that promote zero-emission vehicles. The Clean Vehicle Rebate Program (CVRP) offers rebates for the purchase or lease of new, eligible ZEVs, including battery-electric, plug-in hybrid electric, and fuel cell electric vehicles. In addition to the goal of reducing emissions from the vehicle sector, the Legislature has directed CARB to ensure vehicle incentive programs provide equitable access to ZEVs via income caps and creating programs and funding set-asides specifically for low-income households. CVRP bases incentive amounts on the type of vehicle technology and also includes additional money for lower-income participants.

In November 2022, CARB approved a plan to phase in changes to CVRP, as directed by the Legislature in SB 129 (Committee on Budget), Chapter 60, Statutes of 2021. The plan outlined two sets of changes to be triggered when the milestones of 1 million and 1.25 million ZEVs were sold in California. The first phase of changes included a decrease in the income cap for standard rebates and a decrease in the manufacturer suggested retail price (MSRP) cap to \$45,000 for smaller vehicle classes. A second phase of changes includes a second reduction in the income cap for standard rebate eligibility and reductions in rebate amounts (at a date to be determined), removal of plug in hybrid electric vehicles (PHEV) from CVRP eligibility (by January 1, 2025), and an increase in incentive amounts offered for low- and moderate-income consumers (February 28, 2023)

Clean Cars 4 All is another program that provides incentives to help lower-income consumers replace their old higher-polluting vehicles with newer and cleaner transportation options. Options include the purchase of new or used hybrids, PHEVs, or ZEV replacement vehicles. In lieu of purchasing a replacement vehicle, participants can choose an alternative mobility option such as an electric bike, a voucher for public transit, or a combination of clean transportation options. In addition, buyers of PHEVs and battery electric vehicles are also eligible for home charger incentives or prepaid charge cards if a home charger installation is not an option. Participants must have a household income of less than 400% of the federal poverty limit and live in a ZIP Code containing a disadvantaged community census tract. The Clean Vehicle Assistance Program, an income qualified program administered by the Beneficial State Foundation, provides grants and affordable financing to help with the purchase or lease a new or used hybrid or electric vehicle.

CARB delegates authority for the administration of Clean Cars 4 All to participating air pollution control and air quality management districts (air districts). Currently the Bay Area Air Quality Management District, San Joaquin Air District, Sacramento Air Quality Management District, and South Coast Air Quality Management District have Clean Cars 4 All programs. San Diego plans to join soon, although statewide expansion is also underway.

California designed vehicle rebate programs to attract early adopters and help grow the nascent ZEV market. Despite small changes, the programs have not evolved to keep up with increasing ZEV sales. As such, these programs do not always align incentives with turnover of the highest emitting, “dirtiest” vehicles. In a 2020 report, the California State Auditor noted that CARB has not done enough to measure the GHG emissions reductions its incentive programs achieve. This bill aims to reimagine how the state awards incentive funds in order to maximize GHG emission reductions. In order to track progress, this bill would also require CARB to report on the amount of GHG emissions reduced per dollar spent on ZEV incentives and the impacts of ZEV programs in terms of quantifiable emission reductions for low and moderate income individuals.

According to the author, “California has a variety of incentive programs aimed at getting more drivers into ZEVs, but we are still seeing slow adoption of ZEVs among the biggest gasoline users (superusers). Many gasoline superusers are lower-income consumers who cannot afford to live near their workplaces and must spend much of their income on fuel. To reduce GHG emissions efficiently and equitably, the state must maximize its investments to reduce gasoline consumption, especially among lower-income consumers. [This bill] furthers that goal by requiring CARB to create an additional ZEV incentive award for gasoline superusers, targeting our top gasoline consumers in the state.”

Committee comments: Even with these efforts underway the state is not meeting its targets for reductions from vehicles. In part, this may be because many of the EVs that have been purchased are second or third cars added to a household and not the primary vehicle that is driven the most. In addition, current programs do not target the most polluting cars or the people who drive the most. Structuring incentive programs to target those vehicles is challenging, possibly labor intensive, and could increase fraud.

Some vehicle replacement programs operated by the state and some air districts require the owner of the vehicle to sell or surrender the gasoline or diesel-powered vehicle. For example, Clean Cars 4 All Program requires retirement of the vehicle. Last year AB 2816 (Ting) was heard by this committee and Assembly Natural Resources Committee. The Assembly Natural Resources Committee analysis for AB 2816 states, “to truly replace internal combustion engines, this bill should require the retirement of the cars for which the ZEV incentive is being provided.” The author may want to consider adding such a provision.

Double referral: This bill is double referred to the Assembly Natural Resources Committee and will be heard by that Committee as it relates to issues under its jurisdiction.

Related and previous legislation: AB 2816 (Ting of the 2021-22 Legislative Session) would have required CARB to award incentives for passenger ZEVs based on the amount of gasoline or diesel the applicant’s vehicle consumed. This bill was held on the Assembly Appropriations Committee suspense file.

SB 400 (Umberg), Chapter 271, Statutes of 2019 expands the eligible modes of transportation for which CC4A “mobility option” vouchers may be used to include bike sharing and e-bikes.

AB 630 (Cooper), Chapter 636, Statutes of 2017 establishes CC4A, providing drivers of high polluting vehicles financial incentives and support to switch to lower-emission vehicles or other modes of transportation. Also requires CARB to set specific and measurable goals annually for the Enhanced Fleet Modernization Scrap Only and CC4A Scrap-and-Replace programs.

AB 615 (Cooper), Chapter 631, Statutes of 2017 extended the applicability of CVRP income caps, established in SB 859, to January 1, 2019.

SB 859 (Budget Committee, Public Resources Trailer Bill), Chapter 368, Statutes of 2016 between November 1, 2016, and July 1, 2017, requires CARB to offer CVRP rebates only to applicants who purchase an eligible vehicle and have a specified maximum gross annual income; increase rebate payments by \$500 for low-income applicants, as defined; and prioritize rebate payments for low-income applicants.

SB 1275 (de Leon), Chapter 530, Statutes of 2014 required CARB to adopt revisions to the criteria and requirements for CVRP to ensure 1) rebate levels can be phased down in increments based on cumulative sales levels as determined by CARB, 2) eligibility is limited based on income, and 3) consideration of conversion to prequalification and point-of-sale rebates or other methods to increase participation rates.

REGISTERED SUPPORT / OPPOSITION:

Support

Coltura (sponsor)

350 Bay Area Action

350 Conejo / San Fernando Valley

Acterra

Benisol, LLC

California Interfaith Power & Light

Clean Coaliton

Cool the Earth

Elders Climate Action, Norcal and Socal Chapters

Evhybridnoire

Green Latinos

Humboldt Unitarian Universalist Fellowship's Climate Action Campaign

Plug in America

Project Green Home

Rapid Substitution

Recolte Energy

Silicon Valley Youth Climate Action

Valley Can

Zev 2030

Opposition

None on file

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