

Date of Hearing: April 26, 2021

ASSEMBLY COMMITTEE ON TRANSPORTATION
Laura Friedman, Chair
AB 745 (Gipson) – As Amended April 21, 2021

SUBJECT: Air pollution: Clean Cars 4 All program

SUMMARY: Makes various changes to the Clean Cars 4 All Program (CC4A). Specifically, **this bill:**

- 1) Requires the California Air Resources Board (CARB), on or before January 1, 2024, to do all of the following:
 - a. Review award amounts offered under CC4A for each qualifying income bracket.
 - b. Ensure that vouchers awarded under CC4A are sufficient to incentivize purchases of near-zero and zero-emission transportation options eligible under the program's existing guidelines.
 - c. Develop metrics to demonstrate the socioeconomic benefits that result from CC4A participation.
 - d. Establish a centralized online database for consumers to view all light-duty EV incentives offered in the state.
 - e. Develop a community outreach strategy with stakeholders of all participating air districts (including CC4A administrators, eligible residents, and participating residents) to examine the barriers limiting a low-income consumer's adoption of EVs (cost, lack of information, language, availability of charging infrastructure).

EXISTING LAW:

- 1) Establishes the Clean Cars 4 All (CC4A) Program, administered by CARB, to focus on achieving reductions in the emissions of greenhouse gases (GHG), 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.
- 2) Requires CARB and the Bureau of Automotive Repair (BAR) to adopt a program allowing for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters (Enhanced Fleet Modernization Program, EFMP). EFMP provides for the voluntary retirement of passenger vehicles and light- and medium-duty trucks that are high polluters.
- 3) Requires CARB to collect and post information yearly related to the performance of CC4A, including funding allocated, expenditures by region, and a performance analysis broken down by district of the replacement and mobility options component.

- 4) Requires the Department of Finance and CARB to develop and submit to the Legislature a three-year investment plan, as specified, for Greenhouse Gas Reduction Fund (GGRF) moneys.

FISCAL EFFECT: Unknown

COMMENTS: Governor Newsom's Executive Order (EO) N-79-20, dated September 23, 2020, establishes the goal that 100% of in-state sales of new passenger cars and trucks will be zero-emission by 2035. In order to accomplish this goal, the EO requires CARB to develop passenger vehicle and truck regulations that would increase over time the volume of new ZEVs sold in the state.

One strategy the state has used to increase the sales of ZEVs is to provide consumer incentives such as rebates through the Clean Vehicle Rebate Project (CVRP) and CC4A. Roughly half of the EVs sold in California have received incentives, funded mainly with cap-and-trade auction revenues. Revenues from the state's cap-and-trade allowance auction, authorized under AB 32, Chapter 488, Statutes of 2006, and reauthorized by SB 32, Chapter 249, Statutes of 2016, are deposited in GGRF and used for California Climate Investments broadly. The Legislature sets the budget for these investments each year, and CARB allocates funding to the individual programs (including CC4A) each year through the Funding Plan. The amount of GGRF funding available for investments fluctuates from year to year, due to the nature of the auction, and there are many competing demands for the funding.

As of 2019-20, CARB has allocated a total of \$112 million for CC4A. The 2021-22 Governor's January Budget does not propose funding for CVRP, beyond what is available in 2021. However, the Budget does propose \$150 million for early action (2020-21) and 2021-22 funding for transportation equity programs. It is unclear how much of that funding might be available for CC4A.

CC4A provides incentives for lower-income consumers living in and near disadvantaged communities who scrap their old vehicles and purchase new or used hybrid, plug-in hybrid, or ZEV replacement vehicles. CARB initially launched the program as a pilot project called EFMP Plus-Up Pilot Project in July 2015. After several years of growth, AB 630 (Cooper), Chapter 636, Statutes of 2017 formally codified the pilot project as a stand-alone program, changed the name to CC4A, and required CARB to update its guidelines. EFMP/CC4A guidelines allow each air district to create their own implementation plans, as long as they meet minimum requirements adopted by CARB to ensure fundamental objectives of the program are achieved. Currently, four air districts are implementing CC4A programs: South Coast area (Replace Your Ride), San Joaquin Valley (Drive Clean in the San Joaquin), and the Sacramento and Bay areas (CC4A). San Diego expects to begin accepting applications for its own CC4A program in 2021.

The figure below shows the incentive amounts by vehicle type as proposed in CARB's 2020-21 funding plan. Generally, the incentive amount is greater for vehicles that emit fewer GHGs, and it is also greater for persons with lower incomes.

CC4A Incentives (per CARB’s 2020-21 Funding Plan for Clean Transportation Incentives)

Income eligibility	Eight Years Old or Newer		Alternative Transportation Mobility Options
	Hybrid EV 35+ MPG (Combined)	Plug-In Hybrid and Zero-Emission Vehicle	
Low Income ≤ 225% FPL	\$7,000	\$9,500 (Plus up to \$2,000 for EV supply equipment [EVSE])	\$7,500
Moderate income ≤ 300% FPL	\$5,000	\$7,500 (Plus up to \$2,000 for EVSE)	\$7,500
Above Moderate Income ≤ 400% FPL	Not Available	\$5,500 (Plus up to \$2,000 for EVSE)	\$7,500

State Audit of CARB: As directed by the Joint Legislative Audit Committee, the State Auditor’s office conducted an audit of CARB’s transportation programs that reduce GHG emissions. According to the audit report, “CARB has not consistently collected or analyzed data to determine whether some of its programs provide the socioeconomic benefits that CARB has identified for those programs, such as maximizing participants’ economic opportunities. Because these programs may cost significantly more than other incentive programs from the perspective of reducing GHG emissions, CARB must do more to measure and demonstrate specific benefits to disadvantaged communities and low-income communities and households that the programs intend to serve.” In response to the audit, this bill directs CARB to develop metrics to demonstrate the socioeconomic benefits that result from CC4A participation.

Barriers to EV adoption: Low- and moderate-income communities still face significant barriers to EV adoption. In addition to the upfront cost of purchasing an EV, access to charging infrastructure and lack of awareness have inhibited EV adoption in these communities. In many cases low-income drivers face heightened barriers relative to other drivers, with diminished access to financing, less access to information on EVs (especially in non-English speaking communities), and a lack of public charging infrastructure in their neighborhoods. According to the Department of Energy, drivers do more than 80% of their charging at home. Charging in a single-family home, usually in a garage, allows one to take advantage of low, stable electricity rates. Charging at a multi-family residential complex, like a condo or apartment, is possible, but can be complex and more similar to public charging. This bill directs CARB to develop a community outreach strategy with stakeholders in all participating air districts to examine the various barriers limiting low-income consumer’s adoption of EVs. This bill also directs CARB to develop a “one-stop shop” where a purchaser can more easily view and compare available vehicle incentives.

Trade-offs: Some proponents believe increasing the rebate amount per vehicle could help overcome the barriers some individual consumers face. However, CC4A has faced criticism for being one of the least cost-effective drivers of GHG emissions reductions and higher rebate amounts would only further decrease the cost-effectiveness of this incentive program in price per emissions reductions.

The Legislature has prioritized CC4A because of its equity focus. This bill requires CARB to review the incentive amounts awarded under each qualifying income bracket and ensure that vouchers are sufficient to incentivize eligible vehicle purchases. This may lead to a finding that higher incentive amounts would be beneficial to encouraging lower-income people to purchase ZEVs.

According to the author, “This bill modernizes CC4A by requiring CARB to review the incentive amounts offered to ensure that they are sufficient to cover the high cost of ZEVs, and creates a one stop, online consumer directory of all funding incentives available in the state by 2024. This bill also requires that CARB conducts a community equity survey in participating air districts to examine barriers to ZEV adoption in disadvantaged communities such as cost, language, lack of info, and available charging infrastructure.”

By modernizing the CC4All program, creating a one stop shop for consumer incentives, and identifying key barriers to ZEV adoption in disadvantaged communities, AB 745 builds on past legislation to address the “green divide” and better inform the State’s ambitious climate policy agenda.”

In support Elders Climate Action writes, “Often our state is the repository or library of model policy and legislation that other states or even other nations copy, to solve climate change and protect nature. In this pivotal year in human history, California is, once again, called to lead other states and other nations with policy and legislation that solves the emerging climate crisis.”

Related and previous legislation: AB 1218 (McCarty) of this session codifies, as a goal of the state, that 100% of new passenger and light-duty vehicle sales are zero-emission vehicles by 2035, sets interim GHG emission progress standards for manufacturers, and creates a vehicle rebate program for zero-emission and certain low GHG emission vehicles, funded by civil penalties imposed on violations.

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

SB 1275 (de Leon), Chapter 530, Statutes of 2014 requires CARB to include a long-term plan for CVRP and related light-duty vehicle incentives.

SB 459 (Pavley), Chapter 437, Statutes of 2013 requires CARB, in consultation with BAR, to update the guidelines for EFMP

AB 118 (Nunez), Chapter 750, Statutes of 2007 creates EFMP for the retirement of high polluting vehicles to be administered by BAR pursuant to guidelines adopted by CARB. Also creates the Enhanced Fleet Modernization Subaccount in the High Polluter Removal and Repair Account to establish and implement this program, upon appropriation by the Legislature.

REGISTERED SUPPORT / OPPOSITION:

Support

Elders Climate Action, NorCal and SoCal Chapters

Opposition

None on file

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