

Date of Hearing: June 20, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION

Laura Friedman, Chair

SB 1230 (Limón) – As Amended May 19, 2022

**SENATE VOTE:** 33-6

**SUBJECT:** Zero-emission and near-zero-emission vehicle incentive programs: requirements

**SUMMARY:** This bill makes specified changes to the Clean Cars 4 All (CC4A) Program. It also applies new, uniform requirements to clean vehicle incentive programs in the state, as specified. Specifically, **this bill:**

- 1) Makes modifications to the CC4A Program, specifically to:
  - a) Require all hybrids purchased using an incentive to be capable of plug-in charging by January 1, 2025; and
  - b) Align dispensation of funds with the Clear Car Incentive Program Requirements, as specified.
- 2) Establishes Clean Car Incentive Program Requirements, which include:
  - a) Definitions of “mobility option” to mean a voucher for public transit, car sharing, bike sharing, or electric bicycles, and “zero-emission or near-zero-emission vehicle incentive program” to mean a program that provides incentives to an individual for the purchase of a light-duty zero-emission or near-zero-emission vehicle.”
  - b) States that these requirements apply to ZEV and near-ZEV incentive programs, including, but not limited to, CC4A, Clean Vehicle Rebate Program (CVRP), and Clean Vehicle Assistance Program (CVAP).
  - c) Requires the California Air Resources Board (CARB) to create a single unified education and application portal for all the included incentive programs, contingent upon appropriation by the Legislature and to be completed no more than two years following the appropriation.
  - d) Requires CARB to, on or before July 1, 2024, adopt revisions to the requirements of the included incentive programs to ensure:
    - i) Applicants receive prequalification for an incentive before they purchase the vehicle (or other mobility option);
    - ii) A submitted application is approved or denied within 24 hours of submission.
  - e) If CARB finds any of the above requirements infeasible, they must prepare a report, on or before July 1, 2024, describing the rationale for those findings, including, but not limited to:
    - i) A description of why the proposed revision is infeasible;

- ii) Any complementary or overlapping efforts to achieve the policy goals that are underway at the state board.
  - iii) Where appropriate, an identification of any necessary statutory changes that would enable the proposed revisions.
- 3) States that it is the intent of the Legislature to enact subsequent legislation regarding specified workforce requirements for ZEV infrastructure projects.

**EXISTING LAW:**

- 1) Establishes the CARB as the air pollution control agency in California and requires it, among other things, to control emissions from a wide array of mobile sources and coordinate, encourage, and review the efforts of all levels of government as they affect air quality. (Health and Safety Code (HSC) §39500 et seq.)
- 2) Requires CARB to ensure that statewide GHG emissions are reduced to at least 40% below the 1990 level by December 31, 2030 (i.e., SB 32); and allows CARB, until December 31, 2030, to adopt regulations that utilize market-based compliance mechanisms (i.e., the cap-and-trade program) to reduce GHG emissions. (HSC §§ 38566, 38562)
- 3) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury, requires all moneys, except for fines and penalties, collected pursuant to a market-based mechanism be deposited in the fund. (Government Code §16428.8)
- 4) Establishes the Air Quality Improvement Program (AQIP), administered by CARB in consultation with local air districts, to fund programs that reduce criteria air pollutants, improve air quality, and provide research for alternative fuels and vehicles, vessels, and equipment technologies. (HSC §44274 et seq.)
- 5) Establishes, as a part of the Charge Ahead Initiative, the Enhanced Fleet Modernization Program (EFMP)—funded with moneys from the Enhanced Fleet Modernization Subaccount within the High Polluter Repair or Removal Account within the Vehicle Inspection and Repair Fund—to incentivize the voluntary retirement of passenger vehicles and light- and medium-duty trucks. (HSC §44125 et seq.)
- 6) Establishes CC4A, to be administered by ARB, to focus on achieving reductions in the emissions of GHGs, 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)
- 7) Establishes CVRP, to be administered by CARB, under AQIP. (HSC § 44274 et seq)
- 8) Requires, under Governor Brown’s Executive Order B-16-2012, that the state ensure 1.5 million zero-emission vehicles (ZEVs) are on the road by 2025.
- 9) Requires, under Governor Brown’s Executive Order B-48-2018, that the state ensure 5 million ZEVs are on the road by 2030.

**FISCAL EFFECT:** According to the Senate Appropriations Committee, this bill would have the following fiscal impact:

- Unknown costs, likely in the millions of dollars annually (Greenhouse Gas Reduction Fund [GGRF]), for ARB to implement the provisions of this bill. ARB notes that it would not be able to implement the provision requiring applications to be approved or denied within 24 hours of submission due to the constraints of income verification.
- Unknown, likely significant cost pressure (General Fund or GGRF) for the Clean Cars 4 All Program due to an expanded pool of eligible applicants.

**COMMENTS:** *Air Quality Improvement Program.* AQIP, established by AB 118 (Nuñez), Chapter 750, Statutes of 2007, is a voluntary incentive program administered by CARB to finance, through grants, revolving loans, or loan guarantees, projects that improve air quality and promote research on the air quality impacts of alternative fuels and advanced technology vehicles. AQIP is funded through, among other things, surcharges on vehicle registration fees, a portion of the Smog Abatement Fee, and GGRF.

*Clean Cars 4 All.* The CC4A program (formerly known as the Enhanced Fleet Modernization Plus-Up Program) helps get lower-income consumers into cleaner technology vehicles by retiring their older, higher-polluting vehicle and upgrading to a cleaner vehicle. Today, five of California's 35 air districts implement CC4A: Bay Area Air Quality Management District, Sacramento Metro Air Quality Management District, San Diego Air Pollution Control District, San Joaquin Valley Air Pollution Control District, and South Coast Air Quality Management District. As part of the 2021 Budget, money was provided to allow for a statewide expansion of CC4A, and regulations to do so are expected to be promulgated early this year.

*Clean Vehicle Rebate Project.* The CVRP provides incentives to promote the production and use of ZEVs, including electric, plug-in hybrid electric and fuel cell vehicles. CVRP enables the purchaser or lessee of an eligible vehicle to receive a rebate. A consumer can apply for a rebate within 18 months of purchasing or leasing an eligible vehicle.

CVRP has been modified repeatedly through legislation and other guideline updates in the 12 years since its inception. Altogether, the demographics served by the CVRP have shifted over time towards lower-income consumers. Notably, the "Rebate Now" preapproval option for CVRP has been piloted in San Diego and the San Joaquin Valley. Rebate Now allows dealerships to apply the CVRP rebate towards the down payment on a vehicle for pre-qualified buyers. This process involves the buyer getting prequalified with the CVRP (typically 30-45 days), the dealer verifying and applying the rebate during the purchase transaction, the dealer subsequently providing proof of purchase to CARB (within 14 days of purchase), and CARB reviewing the documentation and providing the rebate payment (typically 7-10 days). This allows vehicle buyers in these two air districts to apply the CVRP savings at point-of-sale instead of paying the higher price upfront and receiving a rebate potentially months later.

*Access Clean California.* Not entirely unlike the single education and application portal envisioned by SB 1230, Access Clean California is a website run by CARB and GRID Alternatives, which is supported by GGRF moneys. Access Clean California is a targeted outreach platform that provides drivers living in underinvested communities a streamlined application webtool to help them find and apply for clean transportation and mobility incentives.

According to the Author, “Transitioning from internal combustion engine vehicles to zero and near-zero emission vehicles is already an essential part of California’s climate goals. There are numerous incentive programs to help consumers purchase or lease a low emission or zero emission vehicle, but the process is often confusing, time-consuming, and generally inaccessible for customers. Furthermore, consumers remain hesitant to adopt ZEV technology given the scarcity of public charging infrastructure, particularly in low-income communities.

SB 1230 will make low emission vehicles more accessible for more Californians. The bill will bundle existing clean car financial incentive programs into a single, simplified application and web portal and transforms state ZEV financial incentives into point-of-sale rebates that make sense for low- and moderate-income Californians.”

Additionally, according to a letter submitted by 63 organizations who support the bill, “Today, California’s transportation sector represents 40 percent of our state’s GHG emissions. While we’ve made progress in lessening carbon pollution, tailpipe emissions from fossil fuel-powered cars remain stubbornly high. In fact, a 2021 state auditor report found that transportation sector emissions have actually increased in recent years. Unless we rapidly change course, we’re on track to miss our 2030 climate goals and lose out on a window of opportunity to prevent the worst impacts of the climate crisis.

Tailpipe emissions are not only warming our planet, they’re making Californians sick. Emissions from fossil fuel-powered cars are a leading contributor to the concentration of toxic air pollutants such as ozone (smog) and fine particle pollution (PM2.5), which damage the heart and lungs and can lead to premature death. Air pollution levels and associated health impacts tend to be highest in major urban areas and lower-income inland areas: a clear environmental injustice.

Transitioning from internal combustion engine vehicles to zero and near-zero emission vehicles is already part of the state’s 2030 climate plan. This transition will greatly reduce greenhouse gas emissions as well as concentrations of harmful air pollutants. However, Californians are not making this transition at the necessary pace to reach our goals. Studies show that two primary barriers to ZEV adoption remain at the forefront of consumers’ minds: cost and availability of public charging infrastructure.”

*Committee comments.* The author’s office has worked closely with CARB to craft amendments to this bill that alleviate concerns regarding the timing of implementation, eligibility of applicants, and pre-qualification for incentives.

*Related and previous legislation:* SB 1382 (Gonzalez) directs CARB to identify barriers and develop outreach protocols to accessing CC4A, and it exempts those vehicles from the state sales and use tax. SB 1382 is currently before this committee.

AB 745 (Gipson) 2021 would have required CARB to, on or before January 1, 2024, review award amounts under CC4A, ensure vouchers are sufficient to incentivize ZEV purchases, develop metrics to demonstrate the socioeconomic benefits from CC4A, establish a centralized online database for EV incentives, and develop a community outreach strategy. AB 745 died in the Assembly Appropriations Committee.

SB 400 (Umberg) Chapter 271, Statutes, 2019 expanded the eligible modes of transportation for which the Clean Cars 4 All “mobility option” vouchers may be used to include bike sharing and e-bikes.

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

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

1000 Grandmothers for Future Generations  
1000 Grandmothers, Bay Area  
350 Conejo  
350 Conejo / San Fernando Valley  
350 Humboldt: Grass Roots Climate Action  
350 Sacramento  
350 Silicon Valley  
350 Ventura County Climate Hub  
Asian Law Alliance  
Asian Pacific Islander Forward Movement  
Association of Faith Based Institutions  
Association of Faith Communities of Santa Cruz County  
Atmos Financial, Pbc  
Ban Sup (single Use Plastic)  
Berkeley Tenants Union  
California Calls  
California Climate Action Voters  
California Climate Voters  
California Environmental Voters (formerly Clev)  
California Federation of Teachers Afl-cio  
California Green Business Network  
California Interfaith Power & Light  
California Nurses for Environmental Health and Justice  
Center for Biological Diversity  
Center for Community Action and Environmental Justice  
Central California Asthma Collaborative  
Climate Action Campaign  
Climate Hawks Vote  
Communities for Sustainable Monterey County  
Community Environmental Council  
Conejo Climate Coalition

Dolores Huerta Foundation  
Earth Action, INC.  
Ecologistics  
Ecoslo  
Elder's Climate Action Norcal  
Elders Action Network  
Elders Climate Action Social Chapter  
Elders Climate Action, Norcal and Social Chapters  
Elected Officials to Protect America - California  
Equity Transit  
Extinction Rebellion Sf Bay  
Greenlatinos  
Greenpeace USA  
Indivisible CA Statestrong  
Latinos United for A New America  
Media Alliance  
Mothers Out Front California  
Motiv Power Systems  
Move LA  
Move La, a Project of Community Partners  
North American Climate, Conservation and Environment (NACCE)  
Orchard City Indivisible  
Paired Power, INC.  
Pajaro Valley Pride  
Plug in America  
Rewiring America  
San Luis Obispo Mothers for Peace  
Santa Cruz Climate Action Network  
Santa Cruz Works, INC.  
Saphron Initiative  
See-la (social Eco Education-la)  
Slo Climate Coalition  
Social 350 Climate Action  
Sonoma Valley Housing Group  
South Bay Progressive Alliance  
St. Columba's Episcopal Church  
Sunflower Alliance  
Sustainable Mill Valley  
Sustainable Silicon Valley  
Terra Advocati  
The Climate Center  
Ucsb Environmental Affairs Board  
Unite Here Local 30

Veggielution  
Veterans for Peace Los Angeles  
Youth Alliance

**Support If Amended**

California Electric Transportation Coalition

**Opposition**

None on file.

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