

State of California
Air Resources Board

BOARD ITEM SUMMARY

**ITEM # 20-13-7: Public Meeting to Consider the Proposed Fiscal Year
2020-2021 Funding Plan for Clean Transportation Incentives**

STAFF RECOMMENDATION:

Staff recommends the California Air Resources Board (CARB or Board) approve the *Proposed Fiscal Year 2020-21 Funding Plan for Clean Transportation Incentives* (FY 2020-21 Funding Plan).

DISCUSSION:

The proposed FY 2020-21 Funding Plan covers a total of \$28.64 million in clean transportation investments from the Air Quality Improvement Program, appropriated to CARB by Senate Bill (SB) 74 (Mitchell, Chapter 6, Statutes of 2020). CARB is not including allocations for Low Carbon Transportation Investments as part of this Funding Plan because the legislature deferred action on the FY 2020-21 Cap-and-Trade Expenditure Plan, including Low Carbon Transportation. As part of this Funding Plan, however, CARB is proposing adjustments to various project categories that currently have funding available from prior fiscal years.

The proposed FY 2020-21 Funding Plan describes CARB's policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details, and the justification for these investments. Staff developed this proposal with input received at two public workshops, 11 more focused public work group meetings, and additional meetings with interested stakeholders.

California has established ambitious goals to reduce greenhouse gas and short-lived climate pollutant emissions, improve air quality and reduce toxics risk, increase access and awareness to clean transportation and mobility options in disadvantaged and low-income communities and for lower-income households, deploy zero-emission vehicles (ZEV), and reduce petroleum dependency. On September 23, 2020, the Governor issued Executive Order N-79-20 that transitions 100 percent of California's new passenger vehicle sales to zero-emission by 2035. Decarbonization of both light and heavy-duty vehicles will stimulate the economy by creating new jobs and developing clean tech industries. To help meet these goals, CARB is using these investments to accelerate development and early commercial deployment of the cleanest mobile source technologies and to improve access to clean transportation. CARB is designing these investments to maximize benefits for disadvantaged communities, low-income communities, and low-income households. These investments support strategies identified by various CARB planning efforts, including the *Climate Change Scoping*

Plan, State Implementation Plan, California Sustainable Freight Action Plan, and the ZEV Action Plan, and the SB 350 Low Income Barriers Study, Part B: Overcoming Barriers to Clean Transportation Access to Low-Income Residents. This funding is intended to complement the other significant clean transportation investments being made by CARB, other State agencies, and local governments.

SUMMARY AND IMPACTS:

Proposed projects continue and build on investments from previous budget cycles that were envisioned as multi-year investments. These projects are designed to achieve both immediate emission reductions and, as emphasized in Governor Newsom's Executive Order N-79-20, support the transformation of California's vehicle and equipment fleet to one that is zero-emitting, where feasible. In designing these investments, CARB strives to maximize the benefits for disadvantaged communities, low-income communities, and low-income households.

Staff proposes a total of \$25 million for Clean Truck and Bus Vouchers, which supports zero-emission and other clean heavy-duty on-road vehicle technology. Changes in technology eligibility are proposed to align with the technology advancement goal of voucher incentives. Staff proposes a total of \$3 million for Clean Cars 4 All, formerly Enhanced Fleet Modernization Plus Up, which is a scrap and replace program that provides zero-emission and other clean light-duty on-road vehicle grants. Staff recommends placing the remaining \$0.64 million in a reserve for revenue uncertainty. The AQIP appropriation is based off projected motor vehicle fee revenue; because of current market uncertainty, staff believe it is prudent to establish this reserve. In order to minimize disruptions, staff is proposing that the Board grant the Executive Officer authority to allocate funds from the FY 2020-21 Low Carbon Transportation budget (once appropriated) to first-come-first served projects, so that funds can be quickly allocated to the projects that critically need them.

Staff also proposes changes to projects with funds remaining from previous fiscal years. The proposed changes will help streamline requirements between complementary programs, clarify requirements to make them more consumer friendly, enable programs to stretch remaining dollars further, and address necessary administrative changes. Additionally, staff updated the multi-year investment strategies for light-duty and heavy-duty vehicles to include three-year funding needs forecasts and updated market and technology assessments.