

California Legislature

October 10, 2019

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Clean Vehicle Rebate Project

Dear Chair Nichols:

We urge you and the board to reject some of the proposed changes to the Clean Vehicle Rebate Project (CVRP) that will be voted on at the October 24th board meeting. Please retain the existing incentive of \$2,500 for battery electric vehicles and as well as the waitlist and the existing two rebate cap per person. We urge you to remove plug-in hybrid electric vehicles from the program and instead fund a higher rebate for fully electric vehicles with the longest range. We also suggest limiting the application period to 6 months instead of just 3 months. As California struggles with reducing emissions and air pollutants from the transportation sector, now is not the time to reduce incentives to Californians looking to invest in clean cars.

As you know, transportation is California's leading source of greenhouse gas emissions at 40 percent and rising year after year. Passenger vehicles alone account for 28 percent of California's greenhouse gas emissions. The public health consequences are dire with 32 million Californians breathing in ozone or particle polluted air at some point each year. The American Lung Association estimated that in 2015 California suffered \$15 billion in health costs due to passenger vehicles, including respiratory illness, premature mortality, and lost workdays. In order to reverse this trend of worsening air quality and greenhouse gas emissions from transportation, California must invest in a variety of solutions including public transit, safe infrastructure for pedestrians and bicyclists, and clean cars.

The Clean Vehicle Rebate Project is California's premier incentive program to help transition Californians to clean cars. While California has a goal of 5 million zero-emission vehicles (ZEVs) on the road by 2030, we are not on track to meet that goal. According to estimates from Veloz, California has approximately 655,088 ZEVs, of which roughly half have received CVRP

rebates. Affordability is crucial to increasing adoption of clean vehicles and reducing the value of CVRP gets us further from that goal.

We urge the board to retain the existing \$2,500 rebate for fully electric vehicles. Battery electric vehicles can cost roughly \$15,000 more than comparable gas cars. While the federal government provides a tax credit of up to \$7,500, that tax credit will quickly be exhausted for two automakers with the longest range vehicles. In addition to keeping the \$2,500 rebate for fully electric cars, we encourage the board to create a higher rebate for electric cars with the highest range. Automakers must be encouraged to create long range electric vehicles in order to reduce range anxiety.

In order to receive the greatest benefit from state funds, we urge the board to remove plug-in hybrid vehicles from eligibility under CVRP. Since the creation of CVRP, 37 percent of rebates and 26 percent of funds have gone towards hybrid vehicles. According to the board's own Midterm Review, plug in-hybrids like the Toyota Prius only travel 4 percent of annual miles emissions free. No vehicle, that is available to consumers today, achieved more than 18 percent of its annual miles emissions free. The evaluation also found that plug-in hybrid cold-start emissions can be significantly higher than traditional internal combustion engines under high-power demand conditions. If hybrids remain in the program, they should have a high electric range, like 80 miles, to incentive automakers to produce hybrids that emphasize electric miles. With the introduction of multiple long range, truly zero-emission vehicles on the market, it is time to change the program to only incentive the cleanest vehicles in order to reach our air quality goals.

Some of the proposals to alter CVRP have the potential to harm consumers. Most concerning is the proposal to remove waitlists and instead switch to an annual first come, first served system. We urge you to retain the waitlist system, as consumers rely on these rebates in order to make these clean vehicles affordable. Having a first come, first served system makes CVRP a bonus instead of an incentive program to drive consumer actions. Additionally, limiting customers to only one rebate per person is too restrictive. Since most consumers only buy used vehicles, this proposal will shrink the number of new vehicles sold and limit the used market for ZEVs. Lastly, limiting the time to apply for the rebate from 18 months to 3 months is a drastic change, and we suggest a more reasonable timeframe of 6 months. Please reject these changes to ensure the program remains consumer focused.

Thank you for all of your work to-date and we look forward to your continued leadership in clean air and clean transportation through a redesigned CVRP program that serves as a vital tool to helping consumers transition to truly zero-emission vehicles.

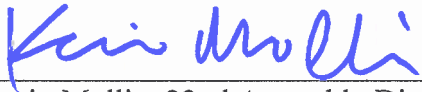
Sincerely,



Philip Y. Ting, 19th Assembly District



Robert Rivas, 30th Assembly District



Kevin Mullin, 22nd Assembly District



Ash Kalra, 27th Assembly District