COALITION FOR CLEAN AIR

January 21, 2020

Chair Mary Nichols and the members of the Board
California Air Resources Board (CARB)
1001 “I” Street
Sacramento, CA 95814

Re: Policy Recommendations to Increase the Use of Zero-Emissions Vehicles Per Senate Bill 498

Dear Chair Nichols and CARB Board Members,

The Coalition for Clean Air (CCA) appreciates the opportunity to comment on *Policy Recommendations to Increase the Use of Zero-Emissions Vehicles per Senate Bill 498.* CCA agrees with many of the recommendations in the report. However, some of the report’s recommendations should be strengthened in order to ensure the effectiveness of California’s efforts to reduce emissions as well as deploy 1.5 million electric vehicles (EVs) by 2025 and 5 million by 2030. We also oppose one policy recommendation, relative to eliminating income caps for the Clean Vehicle Rebate Project (CVRP). Our comments are as follows:

Comment #1: We support many of the policy recommendations as they will be beneficial to the EV market, resulting in real emissions reductions.

With over 650,000 EVs on the road, California represents just under half of the national zero-emission vehicle market.[1] This success is due to California’s longstanding climate leadership and support for zero-emission technologies and infrastructure. However, in order to ensure this continued success, we must strengthen our EV-related policies. As such, CCA supports several policy recommendations included in the report. These include:

- Provide a sales tax exemption for light-duty and heavy-duty zero-emission vehicles, like AB 784’s tax exemption for buses,
- Authorize local governments to create zero emission zones and implement pricing mechanisms,
- Establish a predictable and expanded funding source for incentives,
- Revise SB 350’s (de León, 2015) definition of “transportation electrification” to include renewable hydrogen,
- Implement other measures to provide "predictable, cost-competitive and stable electricity and hydrogen fuel costs”,

[1] Veloz, *Igniting a Movement*, https://www.veloz.org/ (accessed January 13, 2020)

- Extend the California Energy Commission's Clean Transportation Program beyond 2023
- Exempt zero-emission vehicle infrastructure from sales taxes, and
- Provide more funding and support for vehicle incentives and infrastructure for low-income and disadvantaged communities, ridesharing fleets and schools.

Comment #2: We oppose the classification of CVRP income caps as a "statutory barrier" as well as the recommendation to eliminate them

The report describes income caps governing over CVRP eligibility as a "statutory barrier" that inhibits consumers from accessing ZEV incentives. Specifically, CARB staff argues income caps prevent the implementation of a "point-of-sale" rebate system, thus limiting the effectiveness of the program. However, at a time in which CVRP is chronically oversubscribed, eliminating income caps does not make sense. Just this past year, CARB has lowered rebate amounts, instituted a Manufacturer Suggested Retail Price (MSRP) cap and increased the minimum number of all-electric miles for plug-in hybrid vehicles in order to balance insufficient funding with growing demands. Further, the Governor's January 2020 budget proposal[2] recommends reducing CVRP's budget by $113 million – nearly half of current 2019-2020 levels.[3] Eliminating the income cap will increase the strain on CVRP's already limited resources.

Eliminating the income cap would also undermine CARB's and California's equity commitments. Research[4] indicates that non-income capped EV incentives tend to concentrate at higher wealth levels even though non-wealthy consumers are more influenced by incentives. After CVRP's income caps were instituted, the share of rebate recipients with household incomes below $50,000 a year increased from ~5% to ~10%. Similarly, the share of rebate recipients with annual household incomes between $50,000 and $150,000 increased from ~21% to ~24%. As such, we urge CARB to not recommend eliminating income caps.

Comment #3: CARB should recommend reforming SB 1's arbitrary zero-emission vehicle registration fee by basing it on either mileage or electricity usage

While all drivers have a financial responsibility to help maintain California's roads, SB 1's fee on zero-emission vehicles is fundamentally flawed. Rather than basing the fee on the vehicle's actual impacts, SB 1 created an arbitrary $100 flat fee for 2020 model year

[2] State of California, *Governor's Budget Summary: 2020-2021*, http://www.ebudget.ca.gov/2020-21/pdf/BudgetSummary/FullBudgetSummary.pdf, pg. 126 (accessed January 21, 2020)
[3] State of California, *California State Budget: 2019-2020*, http://www.ebudget.ca.gov/2019-20/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf**,** pg. 97 (accessed January 21, 2020)
[4] Policy Institute for Energy, the Environment and the Economy, *Impact of the Clean Vehicle Rebate Project's increased rebates for low- and moderate-income individuals on California's ZEV Market*, University of California, Davis, https://policyinstitute.ucdavis.edu/wp-content/uploads/CVRP_Rebates_0519.pdf (accessed January 9, 2020)

or later zero-emission vehicles. Further, this fee also applies to plug-in hybrid vehicles as SB 1's definition includes "…any other motor vehicle that is able to operate on any fuel other than gasoline or diesel fuel."[5] This is tantamount to double taxation as drivers of plug-in hybrid vehicles must also pay gasoline excise taxes. Coupled with zero-emission vehicles' purchasing price, arbitrarily high registration costs may deter low-to-moderate income earners and other price-sensitive consumers from purchasing an EV.

Instead, CARB should recommend the legislature reform the zero-emission vehicle registration fee so that it is not arbitrary or causes double taxation. Ideally, the registration fee should be based on the number of miles the vehicle has traveled or the amount of electricity it has used. This way, the vehicle's direct impacts on our roads and air are being assessed. Further, developing the mechanisms to assess vehicles' direct impacts could create a pathway for policies, fee structures and other tools to reduce overall vehicle miles traveled, thus improving traffic conditions and reducing air pollution.

Comment #4: CARB should recommend the repeal of SB 1's "dirty diesel loophole"

Heavy-duty vehicles running on diesel fuel are the most polluting vehicles in the state and disproportionately impact disadvantaged communities. It is no surprise that most of the Year 1 and Year 2 AB 617 communities are adjacent to significant sources of diesel pollution, such as ports, warehouses, railyards and freeways. Yet, SB 1 prevents California from compelling diesel vehicles from being replaced or repowered for 13-18 years.[6] This loophole will allow dirty diesel-powered vehicles to continue pollute our most vulnerable communities for nearly a generation. As such, CARB should recommend the legislature repeal SB 1's dirty diesel loophole. Repealing this loophole will allow CARB to compel truck owners to replace or repower their trucks with cleaner near-zero and zero-emission technology, both cleaning our air and reducing greenhouse gas emissions.

Comment #5: CARB should recommend legislation authorizing local governments to institute Transportation Network Company (TNC) ride taxes and fees, but with preferential rates for rides in EVs and no taxes on shared rides in EVs

TNCs present both a challenge to California's climate commitments as well as an opportunity to transform the state's automotive fleet. As an industry wholly dependent on cars and driving, TNC usage has increased vehicle miles traveled.[7] Further, TNCs' ability

[5] California Legislative Information, *SB 1*, California State Legislature, https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1 (accessed January 9, 2020)
[6] Ibid
[7] Kennedy, Merrit, *Uber And Lyft Caused Major Traffic Uptick In San Francisco, Study Says*, NPR, https://www.npr.org/2019/05/08/721139488/uber-and-lyft-caused-major-traffic-uptick-in-san-francisco-study-says (accessed January 9, 2020)

to pull riders from public transportation and the act of "deadheading" (searching for passengers in between rides) also increase congestion problems. [8,9] However, TNCs will continue to exist for the foreseeable future as they provide a valuable service to their customers. As such, California must endeavor to electrify the TNC fleet. CARB's Clean Miles Standard will greatly help push TNCs in this direction. However, both California and our local governments can further incentivize this transformation.

In 2018 San Francisco voters passed Measure D, which created a fee on TNC rides. However, the fee structure gives preferential rates to EVs and shared rides. Under Measure D, rides in fossil fuel-powered vehicles are assessed a 3.25% fee, while shared rides and rides in electric vehicles are charged a 1.5% fee.[10] These revenues are then used to support San Francisco's transit operations as well as fund active transportation infrastructure and safety enhancements. However, Measure D could've been even stronger by not taxing shared rides in electric vehicles. Not only are these vehicles zero-emission, but they also help reduce congestion. As local governments begin to propose initiatives like Measure D, they should not tax shared rides in electric vehicles.

Thank you for your time and consideration of our comments.

Sincerely,

Christopher Chavez

Christopher Chavez
Deputy Policy Director

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[8] Schmitt, Angie, *Study: Uber and Lyft Caused U.S. Transit Decline*, *Study Says*, StreetsblogUSA, https://usa.streetsblog.org/2019/01/22/study-uber-and-lyft-are-responsible-for-u-s-transit-decline/ (accessed January 9, 2020)

[9] California Air Resources Board, *Clean Miles Standard Workshop 2018 Base Year Emissions Inventory*, https://ww2.arb.ca.gov/sites/default/files/2019-09/Clean_Miles_Standard_Workshop_Slides.pdf, pgs. 22, 25 (accessed January 9, 2020)

[10] Ballotpedia, *San Francisco, California, Proposition D, Ride-Share Business Tax to Fund Muni, Pedestrian, and Bicycle Services and Infrastructure (November 2019)*, https://ballotpedia.org/San_Francisco,_California,_Proposition_D,_Ride-Share_Business_Tax_to_Fund_Muni,_Pedestrian,_and_Bicycle_Services_and_Infrastructure_(November_2019), (accessed January 9, 2020)