

November 12, 2024

The Honorable Liane Randolph
Chair, California Air Resources Board
1001 I Street
Sacramento, CA 95811

RE: Fiscal Year 2024-25 CARB Funding Plan for Clean Transportation Incentives

Chair Randolph:

On behalf of the California Transit Association, I write to you today to voice our support for the California Air Resource Board's (CARB) Proposed FY 2024-25 Funding Plan for Clean Transportation Incentives. The Association has a membership base of more than 220 organizations, inclusive of 85 transit and rail agency members and all leading original equipment manufacturers, and we have been a key supporter and facilitator of advancing funding to further assist transit agencies as they continue to transition to zero-emission vehicles (ZEVs) and supporting infrastructure and technology.

We understand that this year, due to the state budget deficit, CARB only has \$34.94 million in FY 2024-25 from the Air Quality Improvement Program (AQIP) to newly commit to zero-emission technology and heavy-duty focused projects. We support CARB staff's proposal to allocate \$14.97 million from the AQIP to the Clean Off-Road Equipment Voucher Incentive Project (CORE) to subsidize clean off-road vehicle vouchers. Additionally, we support CARB staff's proposal to limit CORE to small businesses and public agencies and to adjust the voucher amounts for some unspecified equipment types to account for rapid technological advancements and resulting increases in vehicle weights. Because many of our member transit agencies are subject to the requirements of either the Commercial Harbor Craft (CHC) Regulation or In-Use Locomotive Regulation they are mandated to procure clean harbor craft and locomotives respectively by designated deadlines. CORE offers agencies significant financial support in the statewide effort to decarbonize these fleet types, and with this increased voucher support, public transit agencies will benefit significantly from this funding allocation.

Additionally, we continue to uplift our concerns to CARB about current Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) voucher amounts and available funding. The proposed Funding Plan accurately notes that limited funding remains unclaimed in the HVIP transit funding pot, though we might clarify that this is not out of a lack of interest or demand from our industry. As transit agencies continue to

make significant progress towards procuring more ZE buses per CARB's ICT regulation, many have turned to the HVIP seeking financial support. However, depending on the types of vehicles that are procured (i.e. battery electric vs. hydrogen fuel cell) and the city and county in which they are procured, which directly correlates to local taxes in that area, HVIP vouchers may only cover a small portion of the incremental cost of these vehicles. With the number of eligible original equipment manufacturers quickly dwindling and vehicle price tags increasing due to supply chain shortages, inflation, and high demand, we believe it is appropriate for CARB to reconsider the HVIP voucher amounts.

In the proposed Funding Plan, CARB staff has proposed increasing voucher incentive amounts for zero-emission truck conversions from 50% to 75% of a new truck voucher. We urge CARB to consider increasing voucher amounts for ZE transit buses as well. More specifically, as we have raised in years past, we encourage CARB to raise voucher amounts to levels equal to those established in the VW Mitigation Trust – Appendix D vouchers. We understand the difficulty of the state's budget forecast and as we continue rallying our support at the state level for additional funding for ZE vehicles, we encourage CARB to continue relaying to the state the importance of the HVIP program in meeting statewide climate and emissions objectives.

The Association appreciates this opportunity to comment on the FY 2024-25 Funding Plan for Clean Transportation Incentives and looks forward to continuing our partnership with CARB to advance our shared environmental and fleet deployment goals.

If you have any questions regarding our comments, please contact me at alchemy@caltransit.org or (916) 446-4656 x1037.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alchemy', with a stylized flourish at the end.

Alchemy Graham
Legislative & Regulatory Advocate