

A New Statewide Zero Emission Vehicle (ZEV) Incentive Program

On September 30, 2000, Governor Gray Davis signed into law a zero emission vehicle incentive bill creating an incentive program for the purchase or lease of new zero emission vehicles (ZEVs). This program will provide a total of \$18 million in grants to reduce the incremental cost of new ZEVs over the next three years. Individual grants totaling up to \$9,000 may be provided in three installments over a 36-month period. These grants are available to qualified private and public consumers that lease or purchase a new ZEV between October 1, 2000, and December 31, 2002.

The program will be developed and administered by the California Air Resources Board (Board or ARB) in conjunction with the State Energy Resources Conservation and Development Commission (California Energy Commission or CEC). Local air districts may volunteer to administer the program in accordance with the program guidelines. The Board approved staff's proposed program guidelines with some modifications at a December 7 & 8, 2000 Public Board Meeting in Sacramento, California.

The Need for ZEV Incentives

Adopted in 1990 as part of the major strategy in California to attain the health-based federal and state air quality standards, the ZEV program requires that 10% of the new cars offered for sale in California in 2003 (and beyond) to be ZEVs. As of March 2000, the major auto manufacturers have placed over 2000 battery electric vehicles on California's roads. Due to the limited production and the advanced technology used, the initial cost of these ZEVs is much higher than for comparable conventional cars.

At its September 8, 2000, meeting, the Board unanimously adopted a resolution affirming that the ZEV program is an essential component of the State's long-term air quality strategy. AB 2061 creates a timely ZEV incentive program that will immediately assist in the transition to a self-sustaining ZEV market in California. At the maximum available grant level of \$9,000, the program will double the number of new ZEVs on the road over the next three years.

Proposed Implementation Schedule

December 7 & 8, 2000: Public Board Hearing to consider proposed program guidelines

December 15, 2000: Target date to begin accepting applications for grants

January 2, 2001: Target date to begin distribution of grants

At a January 25, 2001 public hearing, the Board adopted modifications to the ZEV Program designed to maintain progress towards commercialization of ZEVs while recognizing constraints due to cost, lead-time and technical challenges.

Preliminary Description of Qualified Recipients

Individuals, local government, state agencies, nonprofit organizations, and private businesses purchasing or leasing an eligible ZEV may qualify for a grant. As federal agencies are not identified in AB 2061, they will not qualify as grant recipients and should not apply.

Preliminary Description of Eligible ZEVs

According to AB 2061, eligible ZEVs shall be "new zero emission vehicles", as determined by the ARB and the CEC. To be eligible for the incentive, the ZEV must meet all the following preliminary criteria:

- be certified by the ARB as a zero emission vehicle;
- be in the passenger car or light-duty truck vehicle class;
- be capable of operating on the freeway, as determined by ARB and CEC. This would preclude a neighborhood or low speed vehicle from qualifying;
- be a new vehicle purchased or leased on or after October 1, 2000 and on or before December 31, 2002. The program will be retroactive for purchases/leases between October 1, 2000 and the date the program becomes fully operational. Following determination by ARB, a new vehicle may include a previously leased vehicle that has been substantially upgraded with new technologies;
- be registered with the Department of Motor Vehicles for use in California;
- meet all applicable federal and state safety standards; unless the vehicle is used solely for a demonstration program and has received the applicable waivers from the National Highway Traffic Safety Administration.

The vehicle makes and models currently eligible for this program include the following vehicles; Chrysler EPIC minivan, Ford Ranger pick-up, Ford Think City EV, General Motors EV-1, General Motors S-10 pick-up, Nissan Altra EV, Toyota RAV-4 EV and Solectria Force. Per ARB and CEC evaluation, additional vehicles may be eligible for inclusion in this incentive program.

Determination of Grants

The maximum available grant for any qualified recipient shall be an amount equal to 90 percent of the incremental cost above one thousand dollars (\$1,000) of an eligible ZEV up to \$9,000. The incremental cost means the amount determined by the CEC as the reasonable difference between the cost of an eligible ZEV and the cost of a comparable gasoline or diesel fueled vehicle. Grants will typically be paid out in three allotments over a 36-month period.

For More Information

Please contact the ARB toll-free at (800) END-SMOG/(800) 363-7664 (California only) or (800) 242-4450. More information on the Zero Emission Vehicle Program including information on additional incentives for ZEVs is available on ARB's web site at located at <http://www.arb.ca.gov/msprog/zevprog/zevprog.htm>. If you would like to receive future notices on this program via email, please sign up to the ZEV-Program list server by going to <http://www.arb.ca.gov/listserv/zev-program/zev-program.htm>

You may obtain this document in an alternative format by contacting ARB's ADA Coordinator at (916) 322-4505 (voice); (916) 324-9531 (TDD, Sacramento area only); or (800) 700-8326 (TDD, outside Sacramento).