Date of Hearing: May 3, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Chris Holden, Chair
AB 1267 (Ting) – As Amended March 16, 2023

Policy Committee:	Transportation	Vote:	15 - 0
	Natural Resources		11 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires the California Air Resources Board (CARB), beginning January 1, 2025, to award an additional incentive under a zero-emission vehicle (ZEV) incentive program to a recipient who is a gasoline superuser (superuser).

Specifically, this bill:

1) Requires CARB, on or before January 1, 2025, to develop and implement a strategy to:

    a) Identify drivers who are superusers, as defined, and are low or moderate income.
    b) Expedite the replacement of gasoline-powered vehicles of drivers identified in a) with ZEVs.
    c) Identify barriers that prevent superusers from accessing ZEV incentive programs and adopting ZEVs.
    d) Develop ZEV outreach protocols to target superusers and prioritize those superusers who are low or moderate income and measure the success of outreach to superusers in each air district in the state.

2) Requires CARB, in advertising the availability of ZEV incentive programs to superusers, to consider coordinating with districts and local nonprofit and community organizations.

3) Requires CARB, upon appropriation by the Legislature, to ensure, beginning January 1, 2025, an additional incentive (the "superuser incentive") is awarded under a specified ZEV incentive program to superusers who otherwise qualify for a ZEV incentive program.

4) Requires CARB to set the amount of the superuser incentive at a level that maximizes the displacement of gasoline and the reduction of criteria pollutant emissions and greenhouse gases (GHGs) per dollar spent.

5) Requires CARB to require an applicant to provide the vehicle identification number, the odometer reading from the applicant's vehicle registration, and the current odometer reading under penalty of perjury to verify whether the applicant qualifies as a superuser.

6) Requires CARB, no later than January 1, 2025, and biennially thereafter, to report specified information about ZEV incentive programs and gasoline use to the Legislature.

FISCAL EFFECT:

CARB estimates costs of approximately $1.7 million for eight positions and contract funds in fiscal year (FY) 2023-24 and approximately $1.3 million in FY 2024-25 and ongoing, to implement this bill (Greenhouse Gas Reduction Fund (GGRF)). CARB notes it will need these resources in the FY 2023-24 budget to meet the bill's January 1, 2025, deadline.

COMMENTS:

1) **Purpose.** According to the author:

> California has a variety of incentive programs aimed at getting more drivers into zero emission vehicles (ZEVs), but we are still seeing slow adoption of ZEVs among the biggest gasoline users (superusers). Many gasoline superusers are lower-income consumers who cannot afford to live near their workplaces and must spend much of their income on fuel. To reduce greenhouse gas emissions efficiently and equitably, the state must maximize its investments to reduce gasoline consumption, especially among lower-income consumers. AB 1267 furthers that goal by requiring the California Air Resources Board (CARB) to create an additional ZEV incentive award for gasoline superusers, targeting our top gasoline consumers in the state. It would also require CARB to measure the emissions reductions achieved by our ZEV incentive programs to track our progress in meeting our ambitious climate and transportation goals.

2) **Background.** According to the California Energy Commission, 18.8% of all new cars sold in the state in 2022 were ZEVs. In 2022, CARB approved a rule requiring 100% of new car sales in the state to be ZEVs by 2035, with interim targets of 35% ZEV sales by 2026 and 68% by 2030. ARB's 2022 Scoping Plan calls for a 50% reduction in gasoline use by 2030.

   The FY 2021-22 and 2022-23 budgets included close to $10 billion in planned investments for ZEV programs across five years. The majority of this funding is from the General Fund (GF), with the remainder from Proposition 98 GF (for school buses), GGRF, federal funds, and other special funds. Most of the funding is for continuing or expanding existing programs, such as rebates for purchasing vehicles and incentive payments for developing charging infrastructure. In response to a multibillion dollar budget shortfall, the Governor's January budget for FY 2023-24 proposes to reduce GF spending on ZEV programs by $2.5 billion, including $1.5 billion in FY 2023-24. However, the Governor proposes using discretionary GGRF revenues across three years to backfill some of these reductions.

   This bill requires CARB to award an additional "superuser incentive" to a superuser who otherwise qualifies for an incentive under one or more of three existing programs:

   a) Clean Cars 4 All (CC4A) provides up to $9,500 to low-income drivers who scrap their older, high-polluting vehicles and replace them with cleaner options.
   b) CVRP provides up to $7,500 for income-qualified drivers to buy or lease a ZEV.
   c) Clean Vehicle Assistance Program (CVAP) provides low-income drivers with special financing and up to $5,000 in down payment assistance.

While the Governor proposes to maintain the full funding amount for CC4A ($656 million), ARB anticipates CVRP will likely run out of money before this bill would go into effect, absent additional funding.

According to Coltura, the sponsor of this bill, the average gasoline superuser uses 1,260 gallons per year compared to 354 gallons for a non-superuser, the majority of superusers are below the median income, and rural areas of the state have twice as many superusers per capita than urban areas. This bill tasks ARB with identifying a threshold for gasoline usage to define "superuser," and gives ARB the discretion to set the incentive amount at a level that maximizes the displacement of gasoline and the reduction of criteria pollutant emissions per dollar spent. The bill encourages ARB to consider establishing the gasoline usage threshold at an average annual usage of 700 gallons in a calendar year.

ARB will need to contend with program design challenges as it implements this bill. For example, it is unclear how ARB will measure and maximize gasoline displacement resulting from the "superuser incentive" when CVRP and CVAP do not require applicants to retire a more polluting vehicle to be eligible for an incentive. EVs purchased using incentives could be the second or third cars added to a household and not the primary vehicle that is driven the most.

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