
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1213 (Reyes) - Zero- and near-zero-emission medium- and heavy-duty vehicles: incentives: transparency

Version: March 25, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: E.Q. 7 - 0, TRANS. 12 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would make all medium- and heavy-duty vehicle incentives administered by the California Air Resources Board (CARB) and the California Energy Commission (CEC) contingent on specified transparency measures.

Fiscal Impact:

- CARB estimates ongoing costs of about \$4.1 million in the first year and \$2.8 million annually thereafter (Greenhouse Gas Reduction Fund [GGRF] and Cost of Implementation Account [COIA]) to include transparency requirements for programs that receive GGRF funding, annually reevaluate fleet cap for vouchers in California's Clean Truck and Bus Voucher Incentive Project (HVIP), coordinate with the Governor's Office of Business and Economic Development (GO-Biz) and the Infrastructure and Economic Development Bank (IBank), and report to the Legislature, among other things.
- Go-Biz estimates ongoing costs of approximately \$78,000 annually (General Fund or special fund) to coordinate across agencies, perform research, collaborate with private sector stakeholders to ensure opportunities address market needs would be accessible, and to support other ad hoc report needs.
- The IBank anticipates that consulting with CARB and GO-Biz on possible alternative funding opportunities for a report would result in minor and absorbable costs. However, if the IBank is expected to perform more extensive work and research on the report, the IBank would anticipate costs of approximately \$68,000 (General Fund or special fund).
- The CEC anticipates any costs would be minor and absorbable.

Background:

California's transportation emissions. The transportation sector has long relied on liquid petroleum fuels as the primary energy source for internal combustion engine (ICE) vehicles, including cars, trucks, locomotives, marine equipment, and aircraft. Combustion of fossil fuels in vehicles emits significant amounts of GHGs, criteria pollutants, and toxic air contaminants. In 2019, the transportation sector accounted for approximately 50% of statewide GHG emissions and thus was by far the single largest source of carbon pollution in the state. In addition, the transportation sector accounted for over 80% of statewide NOx emissions and 30% of fine particulate matter emissions, including toxic diesel particulate matter.

While we have made substantial progress over the past few decades, it is clear

California must transition away from fossil fuels to zero-emission technologies with all possible speed and pursue policies that result in less driving, to meet its GHG and air quality targets.

The Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project. HVIP accelerates the deployment of zero-emission and plug-in hybrid trucks and buses, and trucks equipped with electric power take off systems, in California. HVIP stimulates deployment of advanced clean commercial vehicles, with the goal of improving community health with immediate air pollution emission reductions, as well as reducing greenhouse gas emissions to help meet State climate goals, and yielding substantial economic benefits. In addition, HVIP provides increased incentives for small fleets domiciled in disadvantaged communities and meeting other requirements.

The complicated relationship between California and truck manufacturers. California occupies a unique position as the state with both the most ambitious vehicle emission standards and the state with the largest vehicle fleet. This has been particularly fraught in recent years, as actions taken by the federal government have repeatedly and significantly eroded California's longstanding authority to set and enforce stricter-than-required vehicle emission standards.

Proposed Law: This bill would:

1. Make findings and declarations regarding the value and importance of competition and transparency in California's ZEV fleet.
2. Establish transparency requirements for ZEV incentives, including requiring the original equipment manufacturer (OEM) to provide the manufacturer's suggested retail price (MSRP) for all ZEVs that may be funded by California ZEV incentives; a final purchase order for each vehicle that contains specified information; and any data needed to effectively track vehicle pricing behavior, as specified, to the administering agency quarterly.
3. Require all medium- and heavy-duty vehicle incentive programs that receive funding from GGRF, the California Clean Fuel Reward (funded through the Low-Carbon Fuel Standard), or the Clean Transportation Program to comply with the above transparency requirements.
4. Require CARB to, in coordination with the CEC, every 6 months, compile and make available publicly the above data, as specified.
5. Establish penalties for noncompliance, including immediate suspension of eligibility for state incentive programs, recovery of previously dispersed funds found to be based on false data or through anticompetitive pricing or sales behavior, and allowing CARB to coordinate with the Attorney General to investigate.
6. Direct CARB to annually reevaluate the cap on the purchase of unredeemed state vouchers under HVIP with the goal of increasing the cap (to a maximum of 90% of the total purchase price) to maximize the benefits of ZEVs deployed, and to increase the cap on vehicles that provide a direct and meaningful benefit, as

determined by CARB, to DACs.

7. Require CARB, on or before January 1, 2028, in coordination with the Governor's Office of Business and Economic Development (GO-Biz) and the Infrastructure and Economic Development Bank (IBank) to explore alternative financing opportunities to encourage the deployment of medium- and heavy-duty ZEVs, and report those findings to the Legislature, as specified.

Related Legislation:

SB 1230 (Limón, Chapter 371, Statutes of 2022) harmonized the CCFR with other programs like HVIP and the Clean Vehicle Rebate Project (CVRP) by creating a single unified education and application portal. It aimed to transform these various incentives into standardized point-of-sale rebates to make them more accessible to low- and moderate-income Californians.

SB 726 (Gonzalez, 2021) sought to reassess and recast CTP funding priorities to emphasize equity and reduce air pollution in overburdened communities. SB 726 died on the Assembly floor.

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