

THIRD READING

Bill No: SB 1213
Author: Reyes (D)
Amended: 5/14/26
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 7-0, 4/15/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Hurtado, Menjivar

SENATE TRANSPORTATION COMMITTEE: 12-0, 4/21/26
AYES: Cortese, Strickland, Archuleta, Arreguín, Blakespear, Dahle, Gonzalez,
Grayson, Richardson, Seyarto, Valladares, Wiener
NO VOTE RECORDED: Menjivar

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Zero- and near-zero-emission medium- and heavy-duty vehicles:
incentives: transparency

SOURCE: Author

DIGEST: This bill makes all medium- and heavy-duty vehicle incentives administered by the California Air Resources Board and the California Energy Commission contingent on specified transparency measures.

ANALYSIS:

Existing law:

- 1) Establishes the Air Resources Board (CARB) as the air pollution control agency in California and requires CARB, among other things, to control emissions from a wide array of mobile sources and coordinate, encourage, and review the efforts of all levels of government as they affect air quality. (Health and Safety Code (HSC) §39500 et seq.)

- 2) Establishes the Greenhouse Gas Reduction Fund (GGRF) in the State Treasury, requires all monies, except for fines and penalties, collected pursuant to a market-based mechanism be deposited in the fund. (Government Code §16428.8)
- 3) Establishes the Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program to be administered by CARB in conjunction with the California Energy Commission (CEC) to fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies through a number of incentive programs. (HSC §39719.2)
- 4) Establishes the Alternative and Renewable Fuels and Vehicle Technology Program (known as the Clean Transportation Program, or CTP), administered by the California Energy Commission (CEC), to develop and deploy technologies and alternative and renewable fuels to help attain the state's climate change policies, and provides funding for the CTP from miscellaneous vehicle-related charges including vehicle registration fees, boat registration fees, and special license identification fees. (HSC § 44272)

This bill:

- 1) Makes findings and declarations regarding the value and importance of competition and transparency in California's ZEV fleet.
- 2) Establishes 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) Requires 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) Requires CARB to, in coordination with the CEC, every 6 months, compile and make available publicly the above data, as specified.

- 5) Establishes 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) Directs CARB to annually reevaluate the cap on the purchase of unredeemed state vouchers under HVIP with the goal of increasing the cap 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) Requires 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.

Background

- 1) *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.

- 2) *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.

- 3) *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.
 - a) *The Clean Truck Partnership and ensuing legal difficulties.* Signed by manufacturers and CARB in July 2023, the Clean Truck Partnership was designed to align state and federal emissions standards while ensuring manufacturers continue advancing zero-emission vehicle technology. In the agreement, the manufacturers pledged to meet California's Advanced Clean Trucks and Omnibus regulations regardless of federal legal outcomes, and to refrain from challenging California's authority to set stricter emissions rules. CARB, in turn, agreed to revise certain heavy-duty engine standards and provide manufacturers with regulatory flexibility and longer lead times to comply with emissions rules.

However, after the Partnership had been established, the federal government changed and subsequently intervened. Under the current administration, the U.S. Department of Justice advised manufacturers that the Clean Truck Partnership was preempted by federal law, and the Federal Trade Commission asserted that the Clean Truck Partnership ran afoul of antitrust laws.

In August of 2025, plaintiffs Daimler Truck North America, International Motors, PACCAR, and Volvo Group North America filed a lawsuit against CARB alleging that California was attempting to require compliance with heavy-duty truck emissions standards that Congress recently preempted under the federal Clean Air Act.¹ In October of 2025, CARB filed a suit against the above plaintiffs, alleging that they violated the terms of the Clean Truck Partnership, and sought to compel companies to either uphold their commitments or compensate the state accordingly.² In November of

¹ Truck OEMs Challenge Clean Truck Partnership in Federal Court. August 11, 2025. <https://www.act-news.com/news/truck-oems-file-federal-lawsuit-against-carb-over-clean-truck-partnership/>

² CARB Takes Legal Action Against Truck OEMs in Clean Truck Dispute. October 29, 2025. <https://www.act-news.com/news/carb-takes-legal-action-against-truck-oems-in-clean-truck-dispute/>

2025, a federal judge temporarily block California from enforcing the Clean Truck Partnership while the case proceeds.³

- b) *Truck Availability Analysis*. After the Clean Truck Partnership was established but still under the Biden presidency, a separate dispute was unfolding. Based on consistent feedback CARB had been receiving in developing and amending regulations involving heavy-duty trucks, an investigation was launched into how OEMs were responding to said regulations. A report published by CARB in September of 2024 found that certain provisions intended to allow flexibility in OEMs' compliance were instead being used to mislead dealers.⁴ Specifically, CARB found that, "Through discussions with manufacturers, dealers, and fleets, it appears numerous manufacturers have begun to inform their customers they will be applying future requirements to purchase ZEVs before they can acquire combustion vehicles to each of their dealer or upfitters regardless of the types of vehicles they sell as ZEVs." CARB emphasized that this was not required in the regulations, and that flexibility was in fact provided to avoid such situations.

Moreover (and most germanely to SB 1213), CARB reported investigations into pricing discrepancies between ZEV and ICE trucks between California and Europe. Despite largely the same major manufacturers operating in both jurisdictions, CARB found that ZEV heavy-duty tractors cost on average \$88,828 more in California versus Europe (or \$51,784 when accounting for all other incremental price differences).⁵ Furthermore, in the 2021-2022 range CARB assessed, they found that California's ZEV trucks increased by \$86,512 at the same time that Europe's ZEV trucks decreased by \$12,641. Ultimately, CARB stated that, "There appear to be no clear reasons for this disparity between regions."⁶

Comments

- 1) *Purpose of Bill*. According to the author, "California is a leader in the deployment of clean medium and heavy-duty vehicles, both to meet our clean transportation goals and mitigate the detrimental public health impacts that pollutants such as PM2.5 and NOX have on our most vulnerable communities. To deploy these vehicles as quickly as possible, the state has invested in

³ Federal Court Pauses Enforcement of California's Clean Truck Partnership. November 4, 2025 <https://www.act-news.com/news/federal-court-pauses-enforcement-of-ctp/>

⁴ https://ww2.arb.ca.gov/sites/default/files/2024-09/240925_actmemo_ADA_0.pdf

⁵ Ibid

⁶ Ibid

programs such as California's Clean Truck and Bus Voucher Incentive Project (HVIP), which delivered more than \$1 billion in funding to fleets statewide since its inception, supporting more than 11,600 clean vehicles statewide.

“Though these incentives were structured to reduce the cost of transitioning to cleaner transportation, recent research from the International Council on Clean Transportation found that the average price of electric trucks in the US has increased by 32% even as battery costs have declined and electric truck prices in the European Union have fallen by 27% over the same period. The rise in the sticker price of these trucks indicates that more needs to be done to ensure our state's incentives to transition to cleaner fleets are transparent and competitive.

“SB 1213 maintains California's leadership in the deployment of clean medium and heavy-duty vehicles (MHDV) by placing price transparency requirements on incentive programs. In addition, it increases the cap on the number of vehicles that can be covered through vouchers, and directs the state to explore alternative financing models by 2028. These alternative funding models are intended to help bring in more private capital to the space as well, decreasing the ultimate need for state funding, and moving the market to a time when financing for a zero emission truck will be as affordable and easy to get as any other loan.”

- 2) *Regulating frenemies*. In writing about CARB's Truck Availability Analysis, a blog post from the Natural Resources Defense Council described a possible explanation for the pattern of behavior the Analysis described:

Why would manufacturers do this? It's a calculated move. By manipulating dealers, truck makers are manufacturing a crisis to delay or weaken the clean truck standards. In the short-term, some truck manufacturers may get a win by slowing down the need to invest and produce new technologies (together with investing and incentivizing dealers). They would continue to benefit from federal financial incentives without delivering on their promises for a swift transition to zero-emission vehicles. But in the mid- and long-term, it's a losing strategy. Companies that focus on short-term profits and don't make the shift to new technologies, get their lunch eaten.

This bill seems to be an effort to spur that competition; directing ZEV truck incentives only towards those manufacturers willing to disclose the required information will mean that fewer state resources will benefit manufacturers attempting to mislead the state. Particularly with the current paucity of

regulatory tools CARB is able to use to reduce emissions from the transportation sector, attempting to accomplish as much as possible with our limited incentive dollars is a reasonable approach.

For manufacturers who have no issue with meeting the proposed transparency requirements, there will be no change to the status quo under this bill. If a manufacturer were to be engaging in anticompetitive practices that would be revealed through the transparency requirements, this bill would help instead direct state monies to other manufacturers not participating in such activities. Ensuring that the manufacturers California most directly supports through purchase incentives are the same manufacturers most willing to share pricing data may help drive zero-emission medium- and heavy-duty trucks down the cost curve, helping develop the market even without a full suite of regulatory tools.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 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.

SUPPORT: (Verified 5/15/2026)

Apen Action
California Environmental Voters
Coalition for Clean Air
Federation of American Scientists
Natural Resources Defense Council
Sierra Club

OPPOSITION: (Verified 5/15/2026)

None received

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**** **END** ****