Date of Hearing: June 29, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES
Isaac G. Bryan, Chair
SB 1213 (Reyes) – As Amended May 14, 2026

SENATE VOTE: 33-0

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

SUMMARY: Makes the inclusion of any medium- and heavy-duty vehicle in specified incentive programs that the California Air Resources Board (ARB) and the California Energy Commission (CEC) administer conditioned on the original equipment manufacturer (OEM) complying with certain transparency requirements around vehicle pricing.

EXISTING LAW:

1) Requires ARB, pursuant to California Global Warming Solutions Act of 2006 [AB 32 (Núñez), Chapter 488, Statutes of 2006], to adopt a statewide greenhouse gas (GHG) emissions limit equivalent to 1990 levels by 2020 and to reduce GHGs to 40% below 1990 levels by 2030 and to 85% below 1990 levels by 2045. (Health & Safety (HSC) Code 38500 *et seq.*)

2) Establishes the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, administered by ARB in conjunction with the 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. Requires priority to be given to projects benefiting disadvantaged communities. (HSC 39719.2)

3) Establishes the Clean Transportation Program to be administered by the CEC to provide, upon appropriation by the Legislature, competitive grants, revolving loans, loan guarantees, loans, or other appropriate funding measures to various eligible entities to develop and deploy innovative technologies that transform California's fuel and vehicle types to help attain the state's climate change policies. (HSC 44272)

4) Establishes the Medium- and Heavy-Duty Zero-Emission Vehicle Fleet Purchasing Assistance Program within ARB's Air Quality Improvement Program to make financing tools and nonfinancial supports available to the operators of medium- and heavy-duty vehicle fleets to enable those operators to transition their fleets to zero-emission vehicles. (HSC 44274.11)

5) Requires ARB to create, in coordination with other state agencies that administer programs similar to the program established in HSC 44274.11, a "one-stop shop" that provides information on ARB's internet website to operators of medium- and heavy-duty fleets about all of the potential financing and grant options and other technical assistance available to help obtain financing for zero-emission medium- and heavy-duty vehicles. (HSC 44274.15)

6) Establishes the California Clean Fuel Reward, to be administered by ARB through the Low-Carbon Fuel Standard (LCFS) regulations. (Title 17 California Code of Regulations 95480)

7) Establishes the Greenhouse Gas Reduction Fund (GGRF) as the repository for all moneys collected by ARB from the auction or sale of allowances to be available for appropriation by the Legislature. (Government Code 16428.8)

THIS BILL:

1) Finds and declares both of the following:

   a) Robust competition and fair pricing are essential to the successful deployment of zero-emission heavy-duty vehicles that are necessary to achieve California's climate and public health goals; and,

   b) To ensure the integrity of the state's climate programs, the receipt of state funding should be conditioned upon full pricing transparency.

2) Requires, beginning January 1, 2027, ARB and CEC to condition the inclusion of any medium- or heavy-duty vehicle model in any incentive program that receives funding from the GGRF including, but not limited to, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), and in any program that receives funding through the California Clean Fuel Reward administered by ARB through the LCFS or through the Clean Transportation Program on receipt of specified pricing data.

3) Requires ARB, in order to support the deployment of zero-emission heavy-duty vehicles through the HVIP, to annually reevaluate the cap on the purchase of unredeemed state vouchers issued through the HVIP with the goal of increasing the cap to the extent feasible to maximize the benefits of zero-emission vehicles deployed.

4) Requires an increase to the voucher cap to be provided on the purchase of electric medium- and heavy-duty vehicles that provide a direct and meaningful benefit to disadvantaged communities.

5) Requires ARB to establish criteria for determining the eligibility of an applicant and the required nexus between vehicle operation and community benefit.

6) Requires, beginning January 1, 2027, any state agency administering a medium- or heavy-duty vehicle incentive program that receives funding from the GGRF, including, but not limited to, the HVIP, and any program that receives funding through the California Clean Fuel Reward administered by ARB through the LCFS or through the Clean Transportation Program to condition the inclusion of any medium- or heavy-duty vehicle model in that program upon the following transparency requirements:

   a) The OEM provides on a quarterly basis the manufacturer's suggested retail price for all zero-emission vehicle models offered for sale in California that may be funded by any incentive program to the administering agency;

b) Receipt by the administering agency of a final purchase order for each vehicle for which an incentive is sought that clearly lists the final base unit price of the vehicle, not including incentives, and itemizes any charges for warranty, taxes, fees, service agreements, or additional components not original to the vehicle; and,

c) Receipt by the administering agency of any additional data needed to effectively track vehicle pricing behavior in the covered incentive programs, including, but not limited to, vehicle make and model, model year, gross vehicle weight rating, body type, vehicle identification number, and nominal battery capacity of any vehicle for which an incentive is sought.

7) Requires ARB, in coordination with the CEC, every six months, to compile and make the data provided publicly available on its internet website in an aggregated format that anonymizes buyers and includes pricing data shown by vehicle model for each model year in order to provide market certainty and facilitate oversight.

8) Provides that failure to comply with the reporting requirements result in the immediate suspension of a vehicle model's eligibility for state incentive programs.

9) Authorizes ARB to recover previously dispersed incentive funds that are found to be dispersed based on false data that was knowingly provided or through anticompetitive pricing or sales behavior.

10) Authorizes ARB to coordinate with the Attorney General to investigate any violations of this section.

11) Requires, on or before January 1, 2028, ARB, in coordination with the Governor's Office of Business and Economic Development (GO-Biz) and the California Infrastructure and Economic Development Bank (IBank), to explore alternative financing opportunities to encourage the deployment of zero-emission medium- and heavy-duty vehicles and report its findings regarding these alternative financing opportunities to the Legislature. Requires the report to include, but not be limited to, all of the following:

a) Incentives with a specific focus on encouraging new entries into the market, spurring market competition, and prioritizing manufacturing within the state;

b) An evaluation of ways to de-risk and scale up the participation of private investors in the market for affordable zero-emission medium- and heavy-duty vehicles, including used vehicles;

c) An evaluation of providing low-cost loans for zero-emission trucks;

d) An exploration of the development of residual value guarantees for zero-emission trucks;

e) Recommendations on improving market function to increase deployment and decrease costs; and,

f) Other data sources, reporting mechanisms, and disclosures that could be used, including, but not limited to, of data that may be held or generated by the Department of Motor

Vehicles, that would further achieve these goals and promote well-functioning markets and capital access for medium- and heavy-duty vehicles.

12) Provides that the provisions of this bill are severable.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- ARB estimates ongoing costs of about $4.1 million in the first year and $2.8 million annually thereafter (GGRF and Cost of Implementation Account) 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, coordinate with GO-Biz and the 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 ARB 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.

COMMENTS:

1) **Air quality and climate goals.** Traffic-heavy Los Angeles and parts of the San Joaquin Valley have among the worst air quality in the nation. They are identified as severe nonattainment areas that don't meet federal Clean Air Act standards. Transportation-related pollutants in these regions also disproportionately impact disadvantaged neighborhoods and communities of color, contributing to respiratory diseases and premature deaths. Transitioning to zero-emission vehicles (ZEV) improves air quality by reducing pollution from internal combustion engines that continues to plague regions of the state with poor air quality and harm to public health. The transportation sector represents about 40% of California's total GHG emissions portfolio, and replacing traditional gas-powered vehicles with ZEVs is a significant part of California's effort to reduce air pollution and climate emissions.

   While trucks represent only 6% of the vehicles on California's roads, they account for more than 35% of the state's transportation-generated nitrogen oxide emissions and a quarter of the state's on-road GHGs. Under the rubric of California's ambitious GHG reduction goals, the state is seeking to phase-out passenger combustion-engine cars by 2035. Governor Newsom's ZEV Executive Order N-79-20 set the target to achieve 100% zero-emission medium- and heavy-duty vehicles in the state by 2045, and 100% zero-emission off-road vehicles and equipment operations by 2035.

2) **ZEV market penetration.** Incentives are a powerful tool to make ZEVs of all model types more affordable and attractive to consumers and businesses. Trucking groups have long

advocated for California to double down on incentive programs that help small businesses buy electric models and build more chargers.

According to the report *Advanced Clean Trucks Credit Summary Through the 2023 Model Year*, in 2023, manufacturers sold 116,483 vehicles in California of which 18,473 (15% of total sales) were ZEVs. Governor Newsom proclaimed that ZEV trucks now represent one out of every six new vehicles sold for services that include last-mile delivery, freight transportation, and school buses. ARB released data in September 2025 that show manufacturers sold 30,026 zero-emission trucks in 2024, a 7% increase over 2023. The medium-duty sector, which includes vehicles such as large pickup trucks and the electric Amazon delivery vans that have become common around the state, accounted for most of those sales.

3) **GGRF investments.** California's Climate Investments finance billions of cap-and-trade dollars into various environmental and clean energy programs, including several ZEV incentive programs. The California Clean Fuel Reward offers a per-vehicle reward designed to help reduce the upfront cost of buying or leasing new medium- and heavy-duty battery-electric vehicles for commercial use. The reward is applied at the time of sale, reducing the upfront cost boosting sales opportunities. Another is the Clean Transportation Program, which accelerates advancement and adoption of alternative fuel and advanced technology vehicles, including low-and zero-emission medium- and heavy-duty vehicles through annual investments of up to $100 million.

4) **Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.** HVIP offers vouchers to eligible ZEVs on a first-come, first-served basis and are applied at the time of purchase. More than $1 billion in vouchers has been made available to zero-emission trucks and buses.

   Pursuant to the most current HVIP Implementation Manual[i], effective September 30, 2025, each fleet/purchaser is limited to having 20 unredeemed truck vouchers requests at any given time. Exceptions apply for public school buses, which are limited to 30 total voucher requests per calendar year and public transit, which is limited to 50 total voucher requests per calendar year. Small businesses have a cap of 5 vouchers. Voucher values vary by vehicle type and fleet characteristics. Current incentive levels range from roughly $7,500 for smaller vehicles to as much as $420,000 for certain fuel-cell Class 8 trucks, with enhanced incentives for qualifying small fleets and certain priority populations. ARB reports that, as of September 2025, only about $900 million has been implemented through delivered vehicles because many vouchers remain outstanding while fleets wait for vehicle delivery.

   SB 1213 requires ARB to annually reevaluate the cap on the purchase of unredeemed state vouchers issued with the goal of increasing the cap to the extent feasible to maximize the benefits of ZEVs deployed.

5) **Pricing competition.** There are growing concerns around both vehicle pricing and competitive dynamics in California's medium- and heavy-duty ZEV truck market.

   While HVIP requires manufacturers and dealers to report manufacturer suggested retail price (MSRP), transaction prices, and related program data as a condition of participation, the Clean Air Coalition and other environmental organizations note that the state's ZEV truck policy efforts are undermined by opaque and inconsistent truck pricing practices. Unlike the passenger vehicle market, the medium- and heavy-duty truck sector lacks publicly available pricing information. Manufacturers generally do not publish their suggested retail prices, transactions are heavily negotiated, and pricing data is often shielded by nondisclosure agreements. This lack of visibility gives manufacturers significant control over price and limits accountability, especially when public dollars are involved. As a result, neither policymakers nor most buyers can clearly determine what trucks actually cost.

According to research from the International Council on Clean Transportation, the median price of Class 8 battery-electric tractor trucks in the United States has increased 27% since 2020, even as battery costs have dropped and demand for electric trucks has risen. In contrast, in the European Union, where markets have greater transparency and competitive pressure, tractor trucks fell in price by 32% over the same period.

California conservatively projects an annual funding need of $950 million per year over the next five years for its medium- and heavy-duty truck incentives. The Natural Resources Defense Council reports that without addressing pricing transparency, the state risks spending big without getting the impact they're aiming for.

This bill requires ARB to further compile and make those data provided by OEMs under this bill publicly available on its internet website in an aggregated format that anonymizes buyers and includes pricing data shown by vehicle model for each model year in order to provide market certainty and facilitate oversight.

6) **This bill.** To ensure competition and fair pricing, SB 1213 requires ARB and CEC to condition inclusion of any medium- or heavy-duty vehicle model in any incentive program that receives funding from GGRF, including HVIP, Clean Fuel Reward, and the Clean Transportation Program, on receipt of pricing data from the OEM.

7) **Author's statement:**

> SB 1213 maintains California's leadership in the deployment of clean medium and heavy-duty vehicles 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 as 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.

8) **Committee amendments.** The *committee may wish to considering amending* the bill as follows:

   a) The California Clean Fuel Reward was established by ARB but is administered by Southern California Edison. Therefore, "administered by the state board" should be struck from HSC 39719.2 (h)(3)(i) and HSC 43216 (a).

   b) Amend 43215 to direct ARB to periodically revaluate whether or not taxes should be included when determining the maximum share of vehicle cost under HVIP.

c) When ARB makes data publicly available on its internet website in an aggregated format that anonymizes buyers, ensure those shared data protect the confidentiality of manufacturer and dealer transaction information.

d) Require the ARB, when coordinating with GO-Biz and IBank, to additionally report on the exploration of increasing deployment and decreasing costs by retrofitting internal combustion trucks to ZEV.

9) **Double referral**. This bill was heard in the Assembly Transportation Committee on June 22 and approved 16-0.

REGISTERED SUPPORT / OPPOSITION:

Support

American Lung Association
Apen Action
California Environmental Voters
California Interfaith Power & Light
California Nurses for Environmental Health & Justice
Center for Biological Diversity
Center for Community Action and Environmental Justice
Central California Asthma Collaborative
Ceres
Climate Action California
Coalition for Clean Air
Communities for a Better Environment
E2
Earthjustice
Federation of American Scientists
Green Latinos
Greenlining Institute
Humble Robotics
Little Manila Rising
Los Angeles Business Council
Los Angeles Cleantech Incubator
Medical Advocates for Healthy Air
Natural Resources Defense Council
Neighbors for Clean Air
Physicians for Social Responsibility - San Francisco Bay
Port of Long Beach
Regional Asthma Management and Prevention
Sierra Club California
Smart Freight Centre
The Climate Center
Union of Concerned Scientists

Opposition

California Council for Environmental and Economic Balance
Daimler Truck North America
Hexagon Purus
Hyundai Translead
TEC Equipment
Volvo

Analysis Prepared by: Paige Brokaw / NAT. RES. /

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[i] FY24-25_HVIP_IM_Revised_with_Addendums_1-2.pdf