

**CALIFORNIA AIR RESOURCES BOARD
LIGHT-DUTY VEHICLE PURCHASE INCENTIVE PROGRAMS
IMPLEMENTATION MANUAL FOR AUTOMAKERS**

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This English version takes precedence over all published translations.

Table of Contents

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CONTENTS

I.	INTRODUCTION AND OVERVIEW	5
II.	VEHICLE ELIGIBILITY	6
A.	Vehicle Categories	6
B.	Vehicle Eligibility Criteria	7
C.	Carpool Lane Eligibility	9
D.	Incentive Prequalification Program	9
III.	COMPLETING THE VEHICLE ELIGIBILITY APPLICATION	9
IV.	DEFINITIONS	10

I. INTRODUCTION AND OVERVIEW

To assist in meeting its goals of reducing criteria pollutant, airborne toxic, and greenhouse gas emissions, The California Air Resources Board (CARB or Board) has been providing consumer incentives almost continuously since 2001 to promote and accelerate zero- and near-zero-emission, on-road light-duty vehicle deployment and technology innovation].

Incentive programs included the Zero-Emission Vehicle Incentive Program known as ZIP I and its sequels ZIP II and Fleet ZIP from 2001-2004, the Alternative Fuel Vehicle Incentive Program (AFVIP) from 2007-2009, the Clean Vehicle Rebate Project (CVRP) from 2010-2023, the Clean Cars 4 All (CC4A) Program (formerly known as the Enhanced Fleet Modernization Plus-Up Program) from 2015 onwards, and the Local and Statewide Financing Assistance Programs from 2016 onwards. In August 2023, CARB announced that, by late 2023, it would transition away from mass market incentive programs, such as CVRP, and focus on expanding the existing CC4A and Clean Vehicle Assistance Programs statewide, better helping low- and middle-income Californians to access zero-emission vehicles.

From the beginning, CARB has established, and still maintains, a list of vehicles eligible to participate in these programs. When approving vehicles for addition to the eligibility list, it shares the approval letter with the automaker and other interested parties (e.g., local air districts, state departments of environmental quality), many of whom use it to populate their own eligibility lists.

This document constitutes the implementation manual for automakers participating in any of CARB'S light-duty vehicle purchase incentive programs (the Automaker IM). CARB has also developed a manual, titled Purchase Incentive Programs Implementation Manual for Manufacturers of Zero-Emissions Motorcycles (the ZEM IM), for ZEM manufacturers, which is available via a link on the light-duty vehicle eligibility web page.

The Automaker IM and the ZEM IM introduce automakers and ZEM manufacturers, respectively, to the vehicle eligibility criteria within CARB'S incentive programs and guide them through the process of having eligible vehicles added to the eligibility list. Both the Automaker IM and the ZEM IM, as well as the current list of eligible vehicles, are available on the light-duty vehicle eligibility web page.¹

This document does not describe the legislation establishing, and guidelines for, current incentive programs. Information about those programs is available to automakers and other interested parties via the CARB Low Carbon Transportation Investments and Air Quality Improvement Program website.² Websites for each individual project will include incentive amounts for each vehicle, online applications, all applicable forms and a description of

¹ <https://ww2.arb.ca.gov/ZEV-eligibility-list>

² <https://ww2.arb.ca.gov/our-work/programs/low-carbon-transportation-investments-and-air-quality-improvement-program>

supporting documentation, a real-time running total of available funds remaining in the program(s), and the number of incentives approved and issued by vehicle type. The individual project websites allow the programs to be “user-friendly” while providing project transparency.

CARB reserves the right to update the Automaker and/or ZEM IM at its sole discretion as needed and will notify automakers and ZEM manufacturers when changes have been made.

II. VEHICLE ELIGIBILITY

A. Vehicle Categories

This section discusses the categories of vehicles eligible for incentive funding under CARB’s light-duty vehicle purchase incentive programs and the specific criteria that a vehicle model must meet to be considered eligible.

Vehicle models will be approved by CARB on a model-year basis and placed on a List of Eligible Vehicle Models for incentives. A continuously updated list of eligible vehicles and incentive amounts will be maintained on the designated purchase incentive program websites. Vehicle manufacturers must submit a Vehicle Eligibility Application to CARB to have their vehicles considered for incentive eligibility. The vehicle manufacturer is responsible for providing all the required documentation described both in this Implementation Manual and on the application form. CARB will coordinate with vehicle manufacturers to request any additional documentation needed for eligibility determinations. CARB is responsible for providing any individual program Administrator, if applicable, the current List of Eligible Vehicle Models and the corresponding incentive amounts.

Three major categories of vehicles are eligible for incentive funding under CARB’s purchase incentive programs: (1) light-duty zero-emission vehicles, (2) light-duty plug-in hybrid electric vehicles, and (3) zero-emission motorcycles (ZEM). The ZEM category is described in the Purchase Incentive Programs Implementation Manual for Manufacturers of Zero-Emissions Motorcycles.

Light-Duty Zero-Emission Vehicles (ZEVs)

Vehicles in the ZEV category include electric-drive battery electric vehicles (BEVs) and fuel-cell electric vehicles (FCEVs) up to 10,000 pounds gross vehicle weight rating (GVWR). Range-extended battery electric vehicles (BEVx), a regulatory vehicle category approved by the Board in January 2012, are eligible for incentive funding under CARB’s light-duty vehicle purchase incentive programs. Aftermarket BEV conversions are not eligible for incentives.

Light-Duty Plug-in Hybrid Electric Vehicles (PHEVs)

PHEVs are hybrid electric vehicles that have: (1) zero-emission vehicle range capability, (2) an on-board electrical energy storage device and on-board charger, and (3) are rechargeable from an external connection to an off-board electrical source.

Incentive-eligible PHEVs must be certified as Transitional ZEVs, meaning they meet Super Ultra Low Emission Vehicle (SULEV) tailpipe-emission standards, have a 15-year, 150,000 mile warranty on emission-control components, and have zero evaporative emissions from their fuel systems. Additionally, TZEVs must achieve 30 or more miles of range on electricity alone as certified by the United States Environmental Protection Agency (U.S. EPA). Aftermarket PHEV conversions are not eligible for incentives.

B.Vehicle Eligibility Criteria

Vehicles must meet the following criteria to be eligible for an incentive:

Have a base Manufacturer Suggested Retail Price (MSRP) at or below the established cap for that vehicle category as follows:

- Base MSRP of \$60,000 or less for vehicles that fall under the Large Vehicles category: minivans, pickups, and SUVs.
- Base MSRP of \$45,000 or less for vehicles that fall under the Cars category: all other light-duty vehicle classes (e.g. hatchbacks, sedans, wagons, and two-seaters).

Except for fuel-cell electric vehicles, all vehicles must meet the base MSRP caps according to the listed vehicle categories above. Vehicle categories are based on U.S. EPA vehicle class.

Be new:

Every vehicle must be a new vehicle as defined in California Vehicle Code (CVC) Section 430.³ The Original Equipment Manufacturer (OEM) or its authorized licensee must manufacture the vehicle. Vehicles considered new vehicles solely for determination of compliance with state emissions standards pursuant to Health and Safety Code, Article 1.5, Prohibited Transactions, (Sections 43150-43156) and CVC Section 4000.2, Registration of Out-of-State Vehicles) are not eligible vehicles. The vehicle must have an odometer reading of fewer than 7,500 miles at the time of purchase/lease. Third-party leases are considered previously owned vehicles.

³ Per section 430 of the California Vehicle Code, a "new vehicle" is a vehicle constructed entirely from new parts that have never been the subject of a retail sale, or registered with the California Department of Motor Vehicles, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign State, province, or country.

Be CARB approved/certified and purchased or leased in California:

CARB must certify the vehicle model as a new ZEV (BEV or FCEV) or TZEZ as defined in the Zero-Emission Vehicle Standards for 2018 through 2025 Model Year Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles (Section 1962.2(i)(18) and 1962.2(i)(16), respectively, Title 13, California Code of Regulations (CCR)).

The automaker must certify that the vehicle model complies with all applicable federal safety standards for new motor vehicles and new motor vehicle equipment issued by the National Highway Traffic Safety Administration (NHTSA). Federal Motor Vehicle Safety Standards are found in Title 49 of the Code of Federal Regulations (CFR) Part 571. The automaker need not provide a written statement of compliance with its eligibility application if the automaker previously provided CARB a written statement and documentation during the CARB certification process for the vehicle model.

Vehicles purchased or leased outside of California are not eligible for CARB's light-duty vehicle purchase incentive programs. To be eligible, vehicles must have a California purchase or lease agreement from a dealership within the state. Vehicles delivered or received out-of-state are also not eligible for CARB's light-duty vehicle purchase incentive programs.

Meet prescribed emissions, performance, and service thresholds:

TZEZs must meet the Transitional Zero-Emission Vehicle definition in the California ZEV Regulation Section 1962.2(i)(16), Title 13, CCR. TZEZs must have a range of 30 or more miles on electricity alone as determined by the U.S. EPA and posted on the U.S. Department of Energy's fueleconomy.gov website.

Each manufacturer must demonstrate to CARB, for every eligible vehicle, that they have a program to offer convenient and time-sensitive warranty, maintenance, and after-sales service to the vehicle owner. An acceptable service program will have readily available parts, trained service technicians, and a roadside assistance program.

Meet minimum warranty provisions:

The vehicle drive train, including applicable energy storage system or a battery pack, must be covered by a manufacturer warranty. Prior to approving a vehicle model for addition to the List of Eligible Vehicles, CARB will review automaker-provided copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine vehicle service. Original warranty provisions must meet the following requirements:

ZEVs must have at a minimum, a warranty of 36 months; the first 12 months of the coverage period shall be a full warranty. If the warranty for the remaining 24 months is prorated, the percentage of the battery pack's original value to be covered or refunded must be at least as high as the percentage of the prorated coverage period remaining. For this computation, the age of the battery pack must be expressed in increments no larger than 3 months.

TZEVs must meet the extended warranty requirements applicable to PZEVs as described in Section 1962.2(c)(2)(D), Title 13, CCR.

C. Carpool Lane Eligibility

California's Clean Air Vehicle (CAV) Decal Program issues decals that allow single occupant vehicle use of high-occupancy vehicle or carpool lanes. It is administered by the California Department of Motor Vehicles, and information and updates may be found at: www.arb.ca.gov/msprog/carpool/carpool.htm; or by calling (800) 242-4450.

D. Incentive Prequalification Program

Administrators of CARB's light-duty vehicle purchase incentive programs implement the programs by prequalifying consumer applicants. One of the benefits of this is that participating car dealerships then use the prequalification to provide the applicant a point-of-sale incentive. More information, including how dealerships may participate, is described fully on the websites and in the Implementation Manual for each individual program.

Participating dealerships will apply a customer's preapproved incentive amount to the purchase or lease of an eligible vehicle. In return, the dealership claims the incentive to be paid by the Administrator if all requirements are met.

III. COMPLETING THE VEHICLE ELIGIBILITY APPLICATION

An automaker may request that an eligible vehicle be added to the light-duty vehicle purchase incentive programs eligibility list by submitting a complete Vehicle Eligibility Application Form (MSCD/EMIB/AQIP_81 (REV 01/24) available from <https://ww2.arb.ca.gov/ZEV-eligibility-list>. The Form requests vehicle manufacturer and vehicle information and supporting documentation including the CARB Executive Order(s) for the vehicle model(s), warranty and after-sales service provisions, a Monroney label, battery disposal information for BEV and TZEV traction and non-lead-acid auxiliary batteries, a VIN Indicator Reference Sheet, and vehicle photos. Each of these items is described further below.

Vehicle Manufacturer Information - includes Automaker name, staff contact information (name and title, email address and phone number, and business mailing address).

Vehicle Information - includes, for each vehicle for which the automaker is seeking eligibility, vehicle year, make, and model.

Verification of Vehicle Eligibility - The following information must be attached to or included with the Eligibility Application Form:

- CARB Executive Order
- Warranty provisions - Warranty provisions of interest include bumper-to-bumper, powertrain, and traction battery warranties in both years and miles.
- After sales service provisions - After sales service provisions of interest include information on: (1) California dealerships that can perform maintenance and repairs, and (2) any included vehicle maintenance plans, a description of the provided roadside assistance (e.g. 24/7/365 towing, charging, tire flat repair, etc.), and the period of the roadside assistance in years and miles.
- Monroney sticker - PDF or image of the sticker for qualifying vehicle model(s) showing base MSRP. For PHEVs certified to the TZEV standard, the sticker should also display the equivalent all electric range (EAER).
- Battery disposal - Briefly describe information provided to vehicle dealers/purchasers regarding proper disposal of both the propulsion/traction battery and, if applicable, non-lead acid auxiliary vehicle batteries and how this information is conveyed.
- VIN Indicator Reference Sheet. CARB must be able to differentiate between an advanced technology vehicle model for which incentive program eligibility is being solicited and other variants of a given vehicle model that are not eligible for incentives. Provide a representative VIN for the applicable advanced technology vehicle(s). Identify those positions within the VIN that specifically indicate that the vehicle is a qualifying ZEV or TZEV and how. For example, do amp-hours of the battery or the size of the motor within the VIN character representing the engine identify the vehicle as a plug-in hybrid EV instead of a conventional hybrid? Or do a group of characters within the VIN represent a model code specific to a qualifying model? Finally, use asterisks within the representative VIN to indicate those positions that are not unique to the applicable vehicle model(s) (for example, the six-digit serial number sequence at the end of the VIN).
- Two high-resolution images for use on the CARB website, vehicle incentive program websites, and for outreach and marketing materials: (1) a "lifestyle" photo with a natural background and no obstructions, and (2) a photo with a white or solid background and no obstructions.

IV. DEFINITIONS

"Battery Electric Vehicle (BEV)" means any vehicle that operates solely by use of a battery, or that is powered primarily through the use of an electric battery but uses a flywheel or capacitor that also stores energy to assist in vehicle operation.

"BEVx" means a vehicle powered predominantly by a zero-emission energy storage device, able to drive the vehicle for more than 75 all-electric miles, and equipped with a backup auxiliary power unit (APU), which does not operate until the energy storage device is fully depleted, and meeting requirements in subdivision 1962.1(d)(5)(G), Title 13, CCR Section 1962.1(i)(12).

“CARB-certified” means a vehicle that has been certified as a ZEV or a Transitional Zero Emission Vehicle and issued an Executive Order by CARB in accordance with the provisions of the California ZEV Regulation (Section 1962(e), Title 13, CCR).

“Fuel-Cell Electric Vehicle (FCEV)” means a vehicle that is powered by a group of individual fuel cells, known as a fuel-cell stack. The stack is designed to contain enough cells to provide the necessary power for the automotive application. A fuel-cell stack produces power as long as fuel is available, similar to a conventional engine, but does so electrochemically rather than with combustion. The electricity generated by the fuel-cell stack powers the electric motor that propels the vehicle.

“Gross Vehicle Weight Rating (GVWR)” means the vehicle weight described on the original manufacturer Line Setting Ticket provided to the vehicle dealer.

“New Vehicle” a vehicle constructed entirely from new parts that have never been the subject of a retail sale, or registered with the California Department of Motor Vehicles, or registered with the appropriate agency or authority of any other state, District of Columbia, territory or possession of the United States, or foreign State, province, or country.

“Original Equipment Manufacturer (OEM)” is the company that produces the parts and equipment for the vehicles. For the purposes of CARB’s purchase incentive programs, vehicles must be new as defined in CVC Section 430 and manufactured by the OEM or its authorized licensee.

“Participating Dealership” refers to a dealership that is eligible to receive reimbursement from CARB’s purchase incentive programs after applying incentive funds directly to the purchase or lease price of an Incentive Prequalification Program applicant transaction. Dealerships complete enrollment and training with the Administrator before being listed as a participating dealership.

“Transitional Zero Emission Vehicle (TZEV)” means a plug-in hybrid electric vehicle that:

- has zero-emission vehicle range capability;
- is equipped with an on-board charger;
- is rechargeable from an external connection to an off-board electrical source;
- is certified to a SULEV tailpipe emission standard; and, to be incentive-eligible,
- has an on-board electrical energy storage device with useful capacity greater than or equal to 30 miles of EPA range on electricity alone.

“Zero-Emission Motorcycle (ZEM)” means either a fully enclosed zero-emission vehicle designed to travel on three wheels or a two-wheeled electric motorcycle. ZEMs must meet the provisions of CVC Section 400 and be freeway capable.