

February 10, 2020

Mail-Out #MSC 20-06

TO: All Interested Parties

SUBJECT: PUBLIC WORKSHOP ON DEVELOPMENT OF THE FISCAL YEAR  
2020-21 FUNDING PLAN FOR CLEAN TRANSPORTATION INCENTIVES

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The California Air Resources Board (CARB or Board) invites you to participate in a public workshop on the Fiscal Year (FY) 2020-21 Funding Plan for Clean Transportation Incentives from Low Carbon Transportation Investments and the Air Quality Improvement Program (AQIP).

The meeting will be held at the following time and place:

Date: Thursday, March 12, 2020  
Time: 10:00 a.m. to 4:00 p.m. (PT)  
Place: Cal/EPA Headquarters Building  
Coastal Hearing Room  
1001 I Street  
Sacramento, California 95814

This meeting will be webcast for those unable to attend in person. The broadcast can be accessed on the day of the workshop at <https://video.calepa.ca.gov/>. Information on submitting comments will be provided during the webcast for remote participants. Staff's presentation will be posted prior to the workshop on CARB's Low Carbon Transportation/AQIP website at <https://www.arb.ca.gov/aqip/>.

### Meeting Information

At this workshop, CARB staff will discuss and seek input on:

- Status updates on current projects and initial demand projections and proposals for the upcoming funding cycle for these ongoing projects.
- Potential project categories that are consistent with the Governor's FY 2020-21 budget proposal.

This is the first in a series of public workshops and work group meetings CARB staff will hold on the FY 2020-21 Funding Plan. CARB staff anticipates releasing a proposed FY 2020-21 Funding Plan in September 2020 with Board consideration in October 2020.

## Background

**Cap-and-Trade Auction Proceeds Low Carbon Transportation Funding:** Since FY 2013-14, Cap-and-Trade auction proceeds have supported clean transportation incentive programs designed to reduce greenhouse gas emissions. Low Carbon Transportation funding has allowed CARB to expand on the types of projects CARB has previously funded through AQIP. These investments accelerate the transition to low carbon freight and passenger transportation with a priority on providing health and economic benefits to California’s most disadvantaged communities. To date, over 50 percent of CARB’s Low Carbon Transportation funding has been in or benefitting disadvantaged communities including low-income residents of these communities.

The Legislature has appropriated nearly \$2.1 billion to CARB for Low Carbon Transportation projects to reduce greenhouse gas emissions over the past seven budget cycles. These appropriations are used to fund:

- Consumer rebates for the purchase of zero-emission and plug-in hybrid passenger vehicles through the Clean Vehicle Rebate Project (CVRP).
- Transportation equity projects to increase access to the cleanest vehicles in and near disadvantaged communities and for lower-income Californians. This includes vehicle scrap and replacement, transportation mobility options, and financing assistance.
- Deployment incentives for clean trucks and buses utilizing zero-emission, hybrid, and low emission technologies.
- Advanced technology demonstration projects for freight and other heavy-duty vehicles and equipment.

The Governor’s proposed State Budget for FY 2020-21 includes \$350 million for Low Carbon Transportation investments using Cap-and-Trade auction proceeds.

**2020-21 Cap and Trade Expenditure Plan**  
***Based on Governor’s Proposed Budget***  
Low Carbon Transportation Investments

<b>Program</b>	<b>Amount</b>
Clean Vehicle Rebate Project	\$125M
Clean Trucks, Buses & Off-Road Freight Equipment	\$150M
Enhanced Fleet Modernization Program, School Buses & Transportation Equity Projects	\$75M
<b>Total</b>	<b>\$350M</b>

**AQIP:** AQIP is a voluntary, mobile source incentive program that focuses on reducing criteria pollutant and diesel particulate emissions with concurrent reductions in greenhouse gas

emissions. The Governor's proposed State Budget for FY 2020-21 includes \$28.64 million for AQIP investments. In recent years, the majority of AQIP funds have been directed to the Truck Loan Assistance Program, which helps small business truckers secure financing for newer trucks or diesel exhaust retrofits to meet compliance deadlines for CARB's in-use truck and bus regulation.

**Annual Funding Plan:** The annual funding plan is each year's blueprint for expending Low Carbon Transportation and AQIP funds appropriated to CARB in the State budget. The plan describes CARB's policy drivers and vision for advanced technology mobile source investments, eligible project categories and criteria, project funding allocations, program implementation details, and provides the justification for these investments. CARB staff intends to develop a joint funding plan for Low Carbon Transportation and AQIP for FY 2020-21 as we have done in past budget cycles.

Two bills signed into law in 2014 help to guide CARB's implementation of these programs and specify requirements related to the annual funding plan. Senate Bill (SB) 1275 (De León, Chapter 530, Statutes of 2014) establishes the Charge Ahead California Initiative and provides direction on light-duty zero-emission vehicle investments including the requirement to establish programs to increase access to these vehicles for lower-income consumers and disadvantaged communities. SB 1204 (Lara, Chapter 524, Statutes of 2014) creates the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program and provides direction on truck, bus, and off-road vehicle and equipment investments. Another bill, which was signed into law in 2018, SB 1403 (Lara, Chapter 370, Statutes of 2018) requires CARB to include a 3-year investment strategy for zero- and near zero-emission heavy-duty vehicles and equipment commensurate with meeting certain goals. The bill also requires the Funding Plan to include information related to milestones achieved by the state's school bus incentive programs and the projected need for funding.

Assembly Bill 1550 (Gomez, Chapter 369, Statutes of 2016) governs the requirements related to disadvantaged and low-income community investments using Cap-and-Trade auction proceeds. Continuing to incorporate these requirements into CARB's Low Carbon Transportation program will be a priority in developing the FY 2020-21 Funding Plan.

The plan will also be consistent with the Cap-and-Trade Auction Proceeds Investment Plan and support CARB's 2016 *Mobile Source Strategy*, the 2016 *California Sustainable Freight Action Plan*, the *Climate Change Scoping Plan*, the SB 350 Study on *Overcoming Barriers to Clean Transportation Access for Low-Income Residents*, SB 375 *Sustainable Communities Strategies*, and the AB 617 *Community Air Protection Program*.

## Contact

For questions regarding the workshop, please contact Ms. Andrea Morgan, Air Resources Engineer, at (916) 323-6169 or by email at [andrea.morgan@arb.ca.gov](mailto:andrea.morgan@arb.ca.gov).

## Special Accommodations

If you require a special accommodation or need this document in an alternate format (i.e. Braille, large print) or another language, please contact Ms. Stella Ling-Taylor, Air Pollution Specialist, at (916) 322-6369 or by email at [stella.lingtaylor@arb.ca.gov](mailto:stella.lingtaylor@arb.ca.gov) as soon as possible, but no later than 10 business days before the scheduled meeting. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia.
- Documentos disponibles en un formato alterno u otro idioma.
- Una acomodación razonable relacionados con una incapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 324-0342 o envíe un fax a (916) 327-8524 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

Sincerely,

/s/

Jack Kitowski, Chief  
Mobile Source Control Division

cc: Stella Ling-Taylor  
Air Pollution Specialist  
Mobile Source Control Division

Andrea Morgan  
Air Resources Engineer  
Mobile Source Control Division