

To: **Liane M. Randolph, Chair**
Honorable Board Members

From: Richard W. Corey, Executive Officer 

Date: August 2, 2021

Subject: Early Allocation of Fiscal Year (FY) 2021-22 Zero-Emission Vehicle Incentive Funding

On July 12, 2021, Governor Gavin Newsom signed Senate Bill (SB) 129 (Skinner, Chapter 69, Statutes of 2021), an amendment to the Budget Act of 2021. SB 129 appropriates the California Air Resources Board (CARB) over \$1.5 billion in new incentive funding as part of a three year \$3.9 billion zero-emission vehicle acceleration package designed to fast-forward California's zero-emissions vehicle goals, ensuring an equitable transition and cleaner air for future generations. This funding will build on and expand ongoing CARB zero-emission and equity focused incentive projects.

At the November Board meeting, staff will present for the Board's approval the proposed FY 2021-22 Funding Plan for Clean Transportation Incentives containing the details of how CARB will invest this funding. However, there is an immediate need to direct a portion of the funding in advance of the Board meeting to projects that are either temporarily on hold, only accepting applications to waitlists, or in jeopardy of shutting down due to lack of funding.

The Board anticipated this need and provided the Executive Officer with authority to provide contingency funding in these circumstances. Allocating bridge funding early to projects specified in the budget to minimize disruptions between budget cycles is consistent with contingency provisions specified in the FY 2020-21 Funding Plan, Board Resolution 20-40, and with the general authority delegated to the Executive Officer in Resolution 78-10.

I am therefore writing to inform you that I intend to direct \$262 million of the \$1.5 billion appropriation prior to the Board meeting to existing projects specified in the budget that are most in need of funding to keep them running. This is about 17 percent of the appropriation. A list of the projects that would receive early funding is shown in the attached table along with an explanation of why early funding is needed. We will direct this funding to the existing project administrator grantees, so rebates and vouchers can be paid to California consumers and fleets as soon as possible. The remaining funding would be directed to projects providing that the Board approves the Funding Plan at its November 2021 hearing.

The ZEV acceleration funding is one element of the Governor's climate change budget package that the Legislature approved prior to considering the rest of the proposal because

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of the immediate need for funding. Early action on CARB's part would speed up incentive payments to low-income households and California businesses, supporting California's economic recovery in addition to accelerating ZEV market growth.

If you have any questions, please contact me at (916) 712-0988 or Richard.Corey@arb.ca.gov.

Attachment

Attachment
Clean Transportation Projects in Need of Early Fiscal Year 2021-22 Funding
to Continue Operations

Project	Early Funding (millions)	Rationale for Early Funding
Clean Vehicle Rebate Project (CVRP)	\$99	CVRP has been accepting rebate applications to a waiting list since spring 2021. Early funding would enable CVRP to start issuing rebate checks to consumers, including low-income applicants, who have already purchased a ZEV and are awaiting payment.
Clean Cars 4 All	\$25	Several air districts running Clean Cars 4 All programs have stopped accepting new applications from low-income households or are close to suspending programs due to lack of funding. Early funding would enable these programs to return to normal operations.
Financing Assistance (Clean Vehicle Assistance Project)	\$8	The Clean Vehicle Assistance Project stopped accepting applications from low-income households in April 2021 due to lack of funding. Early funding would allow the project to reopen to new applicants.
Zero-Emission Drayage Truck and Infrastructure Pilot	\$40	The Legislature directed this appropriation to fund the remaining, shovel ready projects from an oversubscribed competitive solicitation held earlier this year by CARB and the California Energy Commission. Early funding is needed because some projects may no longer be viable if too much time passes.
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)	\$60	After being closed to new applications since November 2019, HVIP temporarily reopened in June to new applications and was fully subscribed in one day. A second funding availability will open in August, but that is expected to quickly be fully subscribed as well. Early funding would enable HVIP to reopen for an extended time, as the program is intended to operate.
Clean Off-Road Equipment Voucher Incentive Project (CORE)	\$30	CORE stopped accepting new voucher applications in August 2020 and has a waiting list of fleets awaiting funding to purchase zero-emission off-road freight equipment. Early funding would allow CORE to pay the vouchers on the waiting list and potentially reopen to new applicants.
Total Early Allocations	\$262	