Greenhouse Gas Reduction Fund: Expenditure Record

California Air Resources Board
Low Carbon Transportation

Authorizing legislation: Section 3 of SB 168, (Chapter 81, Statutes of 2026) and Item 3900-101-3228 and Item 3900-102-0115 of the Budget Act of 2026, (Chapter 21, Statutes of 2026) appropriates to $135.5 million to CARB.

- The total expenditure is $135.5 million ($115 million Greenhouse Gas Reduction Fund (GGRF) and $20.5 million Air Pollution Control Fund (APCF) will fund reimbursements of Original Equipment Manufacturers [OEMs] for point-of-sale incentives for Zero Emission Vehicles [ZEV]), per Section [3900-102-0115 and 3900-101-3228] of SB 111 the Budget Act of 2026 (Chapter 21, Statutes of 2026).

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding

- California Air Resources Board

Amount of proposed expenditure and appropriation reference

- The total expenditure is $135.5 million ($115 million GGRF and $20.5 million APCF will fund reimbursements of Original Equipment Manufacturers [OEMs] for point-of-sale incentives for ZEVs, per Section [3900-102-0115 and 3900-101-3228] of the Budget Act of 2026 (Chapter [21], Statutes of [2026]).

Estimated amount of expenditures for administering agency administrative costs

- The total expenditure includes 5% of the appropriations for the new program for administrative costs.

Identify how any interest earned on appropriated funds will be used, including any interest earned by third-party administrators

- Interest earned will be used to fund additional incentives.

If applicable, identify laws or regulations that govern how funds will be used

Relevant statutes to include:

- AB 1532 (Pérez, Chapter 807, Statutes of 2012), Senate Bill (SB) 535 (de León, Chapter 830, Statutes of 2012), SB 1018 (Budget and Fiscal Review Committee, Chapter 39, Statutes of 2012), SB 862 (Budget and Fiscal Review Committee, Chapter 36, Statutes of 2014), and AB 1550 (Gomez, Chapter 369, Statutes of 2016) provide the general framework for how the auction proceeds will be administered to further the purposes of AB 32.
- AB 398 (E. Garcia, Chapter 135, Statutes of 2017) prioritized [X] for expenditures from the Greenhouse Gas Reduction Fund.
- The Budget Act of 2020 provides direction on the types of projects that should be funded.
- AB 1261 (Burke, Chapter 714, Statutes of 2021) to identify overlap among incentive programs.
- SB 168 established the program and provides direction on how the funds will be allocated to recipients, including requirements for project eligibility and implementation. All funds will be allocated and managed in accordance with this law.

Continuation of existing Expenditure Record

- This is an update to an existing Expenditure Record for the Low Carbon Transportation Program. This year's appropriation includes a new project: MyFirstEV. The Expenditure Record elements being updated include the following:
    - The amount of expenditure and appropriation reference for the MyFirstEV Project.
    - Describe the MyFirstEV Project measures that will be eligible for funding.
    - Intended recipients of MyFirstEV funding.
    - Explain when greenhouse gas emission reductions and/or co-benefits are expected to occur and how they will be maintained.

Project Type(s)

- Low Carbon Transportation Program
- Light- and heavy-duty incentives

Describe the projects and/or measures that will be eligible for funding

- Per the Budget Act of 2026 the following Low Carbon Transportation projects will be eligible for funding:
    - $135.5 million for MyFirstEV. Per Section 3 of SB 168, (Chapter 81, Statutes of 2026): "The funds made available in Items 3900-101-3228 and 3900-102-0115 of the Budget Act of 2026 shall be used to establish a new zero-emission electric vehicle incentive program pursuant to the requirements of this section for first-time zero-emission electric vehicle buyers, as confirmed by a buyer attestation."

Intended recipients

- Consumers
- Individuals
- Original Equipment Manufacturers

Program structure and process for selecting projects for funding

- This program will provide first-come, first-served point-of sale incentives for consumers with qualifying purchases. Eligible consumers must be California residents who have never purchased or leased a ZEV. The total incentive amount will be $3500 for new vehicles and $1750 for used vehicles. OEMs will match the incentive amount per vehicle provided by CARB: $1750 for new and $875 for used vehicles. CARB will enter grant agreements with participating OEMs, who will each receive the same amount of funding to provide the incentives to the end consumer at the point of sale.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

Per Health and Safety Code §39718, investments are needed to support:

Development and deployment of zero-emission vehicles, equipment, and associated infrastructure, covering the technology commercialization spectrum from research and demonstration to deployment and the wide range of vehicle and equipment categories operating in California.

California's 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing greenhouse gas emissions and achieve the goals and purposes of AB 32 and related statutes. With the expiration of the Federal tax credit for the purchase of zero-emission vehicles, sales of Battery Electric Vehicles (BEVs) and Fuel Cell vehicles have declined and threaten to undermine the progress made towards the State's ambitious climate goals. The expenditures described in the record will help backfill the current funding gap and catalyze additional consumer adoption of Zero-Emission Vehicles to implement the State's climate goals and Scoping Plan goals.

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- Expenditures will achieve greenhouse gas emission reductions by funding the purchase of zero-emission vehicles, which emit less greenhouse gas emissions than comparable conventionally fueled vehicles or equipment.

Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained

- Benefits will begin as soon as funding becomes available and incentives are provided to consumers purchasing ZEVs. These reductions will be maintained through the continued use of clean vehicles. However, there are no ownership duration requirements for consumers who purchase vehicles using the incentive.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

In addition to providing greenhouse gas benefits, these expenditures will provide air quality, public health, and economic benefits.

Air Quality and Public Health Benefits: All clean vehicle and equipment projects will reduce criteria pollutant forming emissions of oxides of nitrogen (NOx), reactive organic gases (ROG), and particulate matter (PM) that contribute to ozone and PM air pollution. By reducing NOx, ROG, and PM emissions, these projects help California meet the health-based air quality standards and reduce toxic hot spots in California, including those near transportation hubs. Several of the projects may be designed to limit participation to the regions of California in and near disadvantaged communities in order to maximize air quality and public health benefits in these regions.

Economic Benefits: Multiple manufacturers of vehicles eligible for CARB's Low Carbon Transportation funding are based in California, and the incentives provided through these programs help stimulate demand, supporting in-state jobs and economic growth. The program also benefits dealerships by increasing sales of clean vehicles. By reducing upfront vehicle costs, these incentives make clean transportation more accessible for all Californians, while strengthening California's clean vehicle market. In addition to the

purchase of new ZEVs, the resale of vehicles leased using these incentives will expand the number of affordable used ZEVs available to Californians whose resources are limited but want to enter the market.

How the project will support other objectives of AB 32 and related statutes

The clean vehicles being funded provide criteria pollutant and air toxics co-benefits thereby complementing the State's efforts to improve air quality.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations[1] per CARB guidance

The incentives will be available to all California residents, including members of priority populations. The incentives are administered as part of a statewide program for first-time ZEV buyers through the manufacturers at the point of sale. CARB will determine the benefits to priority populations once manufacturers provide relevant data for incentive recipients.

Describe the benefits to priority populations per CARB guidance

- Projects will provide incentives for vehicles that reduce criteria air pollutant or toxic air contaminant emissions.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- The program will provide point-of-sale incentives that will make incentives more accessible and remove application barriers for consumers. This program focuses on equity in a way that is implementable. This program is limited to first-time ZEV buyers or lessees. Anyone buying a ZEV for the first time can participate. Additionally, the MyFirstEV incentive can be stacked with other local, state, and federal incentives to leverage existing investments in affordability and better assist priority populations in the adoption of ZEVs.

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The program will remove application barriers for consumers through point-of-sale incentives that will increase access to incentives. Immediate rewards offer better value to consumers, improve accessibility for lower-income buyers, and increase adoption rates by streamlining the ZEV purchase process, reducing the financial barrier to entry. Consumers also may stack the MyFirstEV with other local, state, or federal incentives to further reduce the price of ZEV adoption.

[1] Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- The administering agency will require funding recipients to maintain records and submit quarterly status reports. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the administering agency's guidelines and the grant agreement.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- The administering agency will calculate the GHG emission reductions and co-benefits expected and achieved from projects using a CARB-developed method and/or tool.

Type of information that will be collected to document results, consistent with CARB guidance

- CARB will collect all data necessary to document the emission reductions achieved and will include data collection and reporting requirements for Program Administrators as part of its grant agreements. This includes location data, the technology funded, the dollar amount of each rebate, and other data as specified in CARB's Funding Guidelines.

How the administering agency will report on program status

- CARB will provide regular updates on its Low Carbon Transportation expenditures, project status, and benefits in future annual reports to the Legislature prepared according to CARB's Funding Guidelines. At a minimum, the reports will include expenditure amounts, current estimates of greenhouse gas emission reductions, and quantification of co-benefits including criteria pollutant emission reductions. CARB will also be providing more data from each of the projects funded in an accessible manner on its webpages.
- CARB reports on California Climate Investments through its website, which includes an annual report, interactive data dashboard, project profiles, and other program data.