

State of California Air Resources Board

Board Item Summary

Item # 23-10-1: Public Meeting to Consider Approval of the Fiscal Year 2023-24 Funding Plan for Clean Transportation Incentives

Staff Recommendation:

Staff recommends that the California Air Resources Board (CARB or Board) approve the Proposed Fiscal Year (FY) 2023-24 Funding Plan for Clean Transportation Incentives (Funding Plan). The transportation incentive programs have invested billions in transformative change in the mobile sector, with over half of those funds going to priority populations.

Discussion:

To achieve California's numerous climate change, air quality, and zero-emission vehicle deployment goals, CARB has adopted an aggressive, multi-pronged strategy that uses incentives to complement regulatory approaches. Annually, the State appropriates funding to a portfolio of incentive programs, and each program plays a unique role in improving air quality, reducing greenhouse gas emissions, and supporting equitable investments. These incentive programs are designed to support the transition to a low carbon economy across multiple sectors, including investments in the transportation sector administered through the Funding Plan.

The proposed Funding Plan covers nearly \$624 million in clean transportation investments from related funding sources appropriated to CARB in budget bills passed by the Legislature and signed by the Governor.

The proposed Funding Plan includes \$50 million from the General Fund, \$375 million from Proposition 98 General Funds, \$170 million from the Greenhouse Gas Reduction Fund, and \$28.6 million from the Air Quality Improvement Fund. These funds come specifically from Senate Bill (SB) 101 (Skinner, Chapter 12, Statutes of 2023) as amended by Assembly Bill (AB) 102 (Ting, Chapter 38, Statutes of 2023). Additionally, adjustments to funds appropriated last year were made in SB 114 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2023), the Education Omnibus Budget Trailer Bill.

Summary and Impacts:

The proposed Funding Plan continues to build on investments from previous budget cycles that were envisioned as multi-year investments. These projects are designed to achieve both immediate emission reductions and, as emphasized in Governor Newsom's Executive Order N-79-20, support the transformation of California's vehicle and equipment fleet to zero emission. CARB strives to maximize the benefits for priority populations in designing these investments.

Staff proposes \$140 million for clean transportation equity investments to help increase access to clean transportation and mobility options benefiting low-income and disadvantaged communities and low-income households consistent with the direction provided by SB 1275 and SB 350. This allocation of incentive funding will include vehicle purchase incentives and clean mobility investments, including planning and capacity building.

Staff also proposes \$483.6 million for heavy-duty and off-road equipment investments that provide vouchers for advanced clean technologies. Funds will be set aside for drayage trucks and school buses, all of which rapidly continue the transition to zero emission. Staff is also proposing to continue funding the Clean Off Road Equipment Voucher Incentive Project and the Innovative Small e-Fleets project.

Finally, along with this funding, staff is proposing a few changes across some of the funded projects, including expanding the vehicle eligibility list to support electric motorcycles and adaptive equipment for light-duty vehicle purchase incentives, and adjusting voucher amounts and delaying fleet size limits for heavy-duty vehicle incentives.