Prop 30 or not Prop 30—that is the question  
November 3, 2022

We’ve been receiving questions on Proposition 30 so we created a short breakdown to explain what Prop 30 does, share arguments for and against, address misconceptions, and explain why Acterra, after much deliberation, ultimately came out in support of this ballot measure.

Summary: Prop 30 would add another tax to California’s highest earning residents’ personal income, so an additional 1.75% income tax will be levied on personal earnings above $2 million. So this tax will not affect anyone earning less than $2 million a year (and will end in January of 2043.) The $80 billion this would raise over the next 20 years would be directed to programs to accelerate the adoption of zero-emissions vehicles (45%), expand zero-emission vehicle (ZEV) infrastructure (35%), as well as support wildfire response and prevention (20%).

The good: As a strong proponent of electric vehicles (EVs) and EV charging, Acterra supports the goals of Prop 30. The additional funding, ranging from $3.5 billion to $5 billion annually, would go a long way to provide more financial incentives to help people afford EVs and to install EV charging. Of the funds dedicated to ZEV incentives and infrastructure, at least half must be spent on projects that benefit people who live in or near heavily polluted and/or low-income communities. This will help ensure cleaner air and expand access to ZEVs in low-wealth communities. For these reasons, it is supported by many electric vehicle advocates and environmental justice and climate organizations, including Plug In America, Let’s Green CA! and the Coalition for Clean Air.

The bad: Since California classifies hydrogen fuel cell vehicles as zero-emission vehicles, some of the revenue raised by Prop 30 will be used to fund incentives for hydrogen fuel cell vehicles and to build hydrogen fueling stations. This is not good for the climate, given that 95% of hydrogen is currently produced using fossil fuels. The vast majority of the ZEV funding should be dedicated to EV incentives and EV charging, and no funds should be spent on infrastructure that could be fueled by dirty hydrogen sourced from fossil fuels. Hydrogen is also exceedingly expensive, with hydrogen-fueling stations costing around $1-2 million each; installing more EV infrastructure is a much better investment.

Prop 30 would also require a supermajority of state legislators to be in agreement to make any changes to the proposition. As pointed out by the LA Times, this provides “little flexibility to cancel or make significant changes to the program to meet evolving needs” over the next 20 years.

The misconceptions: Some opponents of Prop 30 point to the significant funding that the rideshare company Lyft has provided to support the proposition as proof that Lyft is getting a special carve out. However, nothing in the proposition would advantage drivers for Lyft (or any other rideshare company) over other California residents. Yes, it will help more drivers, including Lyft and Uber drivers, to purchase EVs—but this is a good thing! One can argue that these companies should pay more to help their own drivers get EVs, but at the end of the day, we want to make it as easy as possible for individuals wanting to get electric vehicles to do so, and this proposition helps us to reach that goal.

Other arguments: Some opponents of Prop 30 also suggest that this money could be used more effectively, perhaps to help people electrify their homes or buildings. While Acterra does agree that more money can (and should) be used to aid in building decarbonization, voting no on this proposition won’t raise or dedicate any funds for that purpose (or any other). So this proposition should be looked at as an up or down vote: either we vote YES
for increasing funding for ZEV adoption and wildfire prevention, or vote NO and no new funds will be raised at all. Additionally, Prop 30 imposes a relatively small tax on the highest of high earners; that would not preclude us from imposing similar taxes on these high earners for future climate-related initiatives. The marginal tax rate on the highest earners in California is 37%, compared to 46% in Norway, and the historical high in the U.S. of 92% (1952-53).

**Bottom line:** Like the federal Inflation Reduction Act (IRA), Prop 30 has a laudable goal and many things to support, though there are also some drawbacks. On balance, Acterra staff believe it will do more good than harm. In order to meet the state’s requirement that 100% of all new passenger vehicles sold in California be zero-emission by 2035, it’s essential to provide billions in funding to bring EVs within reach of low- and moderate-income residents, as well as to build out EV charging infrastructure in under-invested communities. Therefore, **Acterra is officially in support of Ballot Proposition 30.**