AB 2816
Updating Electric Vehicle Incentives

SUMMARY
California has a variety of incentive programs aimed at getting more drivers into zero electric vehicles (ZEVs), but we are still seeing slow adoption of ZEVs among the biggest gasoline users ("superusers"). To reduce greenhouse gas (GHG) emissions efficiently and equitably, the state must invest its incentive dollars to maximize gasoline reduction, especially among lower-income consumers.

BACKGROUND
The transportation sector is the biggest source of carbon emissions in California, with nearly 40% of total emissions coming from transportation and 28.5% of total emissions coming from light duty vehicles (LDVs).

On September 23, 2020, Governor Gavin Newsome issued executive order N-79-20, which requires all new cars purchased after 2035 to be ZEVs. However, used internal combustion engine (ICE) vehicles can still be sold, and annual new car purchases only make up 6% of cars on the road.

California created incentive programs such as the Clean Vehicle Rebate Program and Clean Cars 4 All to encourage greater adoption of ZEVs. Clean Cars 4 All helps lower-income Californians purchase hybrids and ZEVs with incentives based on household income, location, and vehicle type.

None of the state’s incentive programs focuses on maximizing gasoline reductions. In the first three years of the Clean Cars 4 All program, $17 million was spent replacing 1,914 of the 29 million total cars in the state, or less than 0.01% of vehicles.

Many gasoline superusers are lower-income consumers who cannot afford to live near their workplaces and must spend much of their income on fuel. An analysis from Coltura found that superusers making $25,000 per year after taxes spend more than 20% of their income on fuel, whereas consumers making $100,000 spend about 5%. By switching to ZEVs, superusers can save more of their income, which will help offset the costs of switching out their ICE vehicle.

THIS BILL
AB 2816 requires the California Air Resources Board (CARB) to redesign ZEV incentive programs to award incentive payments based on the applicant’s past average annual gallons of gasoline consumed and based on their income.

This bill also requires CARB to make available an online tool to calculate the applicant’s average gasoline gallons consumed and the incentive amount for the redesigned ZEV programs.

SUPPORT
Coltura (Sponsor)

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