

CHARGE AHEAD CALIFORNIA



CALIFORNIA BUSINESS ALLIANCE
FOR A CLEAN ECONOMY



COLTURA
Moving Beyond Gasoline



February 16, 2023

The Honorable Gavin Newsom
Governor, State of California
1021 O Street, Suite 9000
Sacramento, CA 95814

The Honorable Toni Atkins
President Pro Tempore, California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: 2023-2024 Proposed California State Budget

Dear Governor Newsom, Senate President Pro Tempore Atkins and Speaker Rendon,

The Charge Ahead California campaign submits this letter in response to the Proposed 2023-2024 California State Budget, as well as to follow up on our budget priorities letter dated December 13, 2022. We understand state leaders face tough fiscal decisions in the road ahead. Yet, as you weigh these decisions, we ask that you reconsider the proposed cuts to clean transportation funding. Not only will these cuts make it more difficult for California to meet its climate and clean air commitments, but they will disproportionately impact frontline communities. Instead, California should ensure that all its transportation investments are aligned with its stated environmental and public health obligations, prioritize localized benefits for low-income and disadvantaged communities and have a stable, dedicated funding source. Further, while we support California's efforts to secure federal funding for projects, we urge the state to use federal dollars to supplement, rather than supplant, the state's commitment to clean transportation programs.

While this year's proposed budget nominally preserves most of the multi-year clean transportation funding plan (\$8.9 billion of the \$10 billion ZEV package), the effects of the cuts will likely be far greater. While most of these guaranteed cuts will be realized in the 2023-2024 budget year, there is no guarantee that ZEV investments in future budget years will be fully preserved, and that the \$10 billion ZEV package will not be further reduced. Further, even though California's clean transportation funding plan promised an unprecedented amount of investment, we cannot lose sight of the sheer enormity of both our climate and air quality crises. Simply put – a California with clean air and a healthy climate for all cannot exist without cleaning the state's largest source of climate- and health-harming pollution: the transportation sector.

Charge Ahead offers the following comments on the proposed budget:

- **California must fulfill the promises and commitments made to clean transportation programs in prior budgets, as well as invest in clean mobility:** While we understand the state is facing a difficult fiscal environment, the multi-year clean transportation funding commitment was a key promise made to the people of California. Getting clean medium- and heavy-duty trucks on the road is particularly important, given that heavy-duty trucks are responsible for 82% of the carcinogenic diesel particulate matter and 58% of smog-forming pollutants in our air. Further, the proposed budget makes significant cuts to successful programs like the Transit and Intercity Rail Capital Program (TIRCP), which funds vital capital improvements for the state's transit system. In a time when many transit agencies are facing a fiscal cliff, funding our transit priorities is more crucial than ever. Making transit a more reliable and accessible mode of transportation would help California achieve its climate and air quality goals. Yet, the proposed Budget not only cuts the TIRCP funding allocation by half but would also only partially restore the cut if budget revenue increases in 2024. These cuts

compound the lackluster funding in last year's budget for clean mobility programs. Rather than cutting successful, proven programs, the state should, at minimum, maintain funding for transit, as well as identify opportunities for new investments, such as community car sharing programs, on-demand microtransit, school transportation, e-bike incentives and other projects. These investments provide clean mobility to underserved populations while advancing the state's goals to reduce emissions and vehicle miles traveled

- **California's climate and air quality programs must prioritize disadvantaged, low-income communities and hard-to-reach communities:** Again, we emphasize the need to ensure California's climate investments deliver benefits directly to disadvantaged and low-income communities. Unfortunately, the proposed cuts to transit, mobility and the medium- and heavy-duty sector will primarily impact these communities due to their reliance on transit and mobility, as well as their proximity to goods movement hubs and corridors. Additionally, we repeat our call for the state to transition away from a first-come-first-served application process towards needs-based delivery models. Lastly, we repeat our call to sunset the mass light-duty market incentive program, the Clean Vehicle Rebate Project. We appreciate that the Governor did not allocate any new funding for this program and therefore we urge CARB to sunset the program and establish a vehicle incentive program for clean vehicles that centers on equity and delivers equitable outcomes.
- **California's transportation investments must be aligned with the state's climate commitments and air quality obligations:** California has long taken pride in its role as a global climate leader. Yet, California's plans to meet our ambitious climate commitments lack crucial details about how the state intends to reach its objectives. Further, California is also home to the dirtiest air in the nation, and multiple air basins fail national and state air quality standards. During times of limited resources, the state must ensure all its transportation investments are aligned with its climate, air quality and equity commitments. For example, we ask you to restore the \$1.05 billion commitment to the Active Transportation Program. This program has funded over 800 active transportation projects across the state since its enactment and continues to make walking and bicycling more equitable and accessible for Californians to shift away from single-occupant driving. California should prioritize funding for clean transportation rather than continuing to support projects that worsen our climate and air quality crises and perpetuate environmental injustice – such as freeway expansions or other expenditures that subsidize fossil fuels.
- **Clean transportation incentives must also yield air quality, public health and job benefits:** Transportation is the largest source of air pollution in California, being responsible for 50% of California's greenhouse gas emissions, 80% of California's smog-forming pollutants and 95% of the carcinogenic diesel particulate matter. Multiple air basins fail to meet national and state air quality standards; as a result, millions of Californians breathe polluted air, jeopardizing

their health. Should California fail to meet its clean air requirements, the state is liable for severe federal sanctions such as a loss of federal highway funds and a federal takeover of local and state air quality policy. To strengthen the connection between communities and clean transportation, the state must support programs that deliver localized economic benefits (such as infrastructure deployment in high-needs communities.) Further, supporting programs that build upon local community partnerships will build local capacity and community development.

- **We support reauthorization of AB 118; reauthorization, however, must ensure benefits to disadvantaged communities and fully align with California's climate and air quality commitments:** We appreciate both the Governor and members of the legislature expressing interest in reauthorizing AB 118 programs. Given the budget deficit, the revenue streams created by AB 118 are even more important as they can supplement limited general fund dollars and offset proposed cuts. Yet, as with all of California's clean transportation efforts, AB 118 programs must be aligned with California's climate, air quality and equity efforts. In 2021 and 2022, equity advocates worked with legislative and other stakeholders to ensure this alignment. We believe much of this framework is still relevant to the discussion today and is a good starting point for plotting out the future of AB 118 programs. To this end, we urge the Governor and the legislature to center AB 118 reauthorization on equity and the need to maximize air quality benefits, as well as including environmental and environmental justice stakeholders in the legislative process.
- **California needs to create a permanent, stable funding stream for clean transportation:** Clean transportation has, for the past several years, been subject to boom-and-bust funding cycles. Our climate investments have gone from being almost entirely defunded in 2020 to having significant infusions from both the general fund and Greenhouse Gas Reduction Fund in 2021 and 2022, to potentially facing cuts again this year and into the future. In the absence of a permanent, dedicated funding stream for California's climate investment programs, the Legislature must at minimum avoid significant budget cuts and whipsaws in funding for climate investment programs. Funding SB 372 (Leyva, 2021) will help facilitate fleet adoption of ZEV trucks by providing direct financial tools to small fleets and enabling greater private market financing through large fleets and help support the continuous funding pool. Providing stable, consistent funding will ensure climate investment programs can plan and operate appropriately. Additionally, consistent funding will send a strong market signal in support of clean transportation technologies.

Thank you for your consideration of our comments. Despite the potentially difficult year ahead, we look forward to working with you and your respective staffs to accelerate the equitable deployment of clean transportation in California.

Sincerely,

Chris Chavez
Deputy Policy Director
Coalition for Clean Air

Román Partida-López
Legal Counsel, Transportation Equity
The Greenlining Institute

Bahram Fazeli
Director of Research & Policy
**Communities for a Better
Environment**

Laura Deehan
State Director
Environment California

Miles Muller
Attorney, Climate & Clean Energy
Program
Natural Resources Defense Council

Lynn Kersey
Executive Director
Maternal and Child Health Access

Ellie Cohen
Chief Executive Officer
The Climate Center

Ruben Aronin
Director
**California Business Alliance for a
Clean Economy**

Joel Ervice
Associate Director
**Regional Asthma Management and
Prevention**

Jenn Engstrom
State Director
CALPIRG

Janelle London
Co-Executive Director
Coltura

Theresa Zamora
California Program Director
Mi Familia Vota

Scarlett Russell
Programs Coordinator
**California Nurses for Environmental
Health and Justice**

Frank Orejel
Program Director
SBX Youth & Family Services

Allis Druffel
Southern California Director
California Interfaith Power & Light

Mary Leslie
President
The Los Angeles Business Council

Lauren Navarro
Senior Manager
Environmental Defense Fund

Hoi Poon
Co-Founder, Advisor
Silicon Valley Youth Climate Action

Ector Olivares
Program Manager – Environmental
Justice
Catholic Charities

Benjamin Eichert
Director
Let's Green CA!

Will Barrett
Senior Director, Clean Air Advocacy
American Lung Association

Cecilia V. Estolano
CEO
Better World Group

Scott Hochberg
Attorney
Center for Biological Diversity

Brandon Dawson
Director
Sierra Club California

Melissa Romero
Senior Legislative Manager
California Environmental Voters

FASTLinkDTLA

Kitty Adams
Executive Director
Adopt a Charger, Inc

Kevin D. Hamilton
Executive Director
**Central California Asthma
Collaborative**

Dieynabou Diallo
Climate Justice Manager
PowerSwitch Action

Cc:

State Senate Committee on Budget and Fiscal Review
State Assembly Committee on Budget