

CHARGE AHEAD CALIFORNIA



COMMUNITIES
FOR A BETTER
ENVIRONMENT
established 1978



December 22, 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 Mike McGuire
President Pro Tempore-designate, California State Senate
1021 O Street, Suite 8610
Sacramento, CA 95814

The Honorable Robert Rivas
Speaker, California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: Charge Ahead Priorities for the 2024-2025 California State Budget

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

California has long been a leader in reducing pollution from transportation. Among many other actions and investments over the decades, our state created the first automotive emissions standards in the nation, implemented a statewide smog check program for both passenger and now medium- and heavy-duty trucks and is requiring all new passenger vehicles sold in the state be zero-emissions in 2035.

Yet, it is important to recognize that California's leadership is rooted in its chronic air quality challenges. California is home to the dirtiest air in the nation, with multiple air basins being in extreme nonattainment of federal and state air quality standards. This burden falls heaviest on low-income and disadvantaged communities, which primarily consist of people of color. As a result, those disproportionately impacted by transportation-related pollution suffer from shorter lifespans, a reduced quality of life and myriad health problems. According to the California Air Resources Board (CARB), approximately 8,600 premature deaths would be avoided annually if particulate matter (PM 2.5) were reduced to background levels and all diesel particulate matter was eliminated from the air. **Accordingly, we ask California to live up to its commitment to the \$10 billion zero-emission vehicle (ZEV) investment package and avoid further cuts to clean transportation.**

With transportation being the state's leading source of climate- and health-harming pollution, California has invested heavily in zero-emissions transportation. Much of California's electric vehicle strategy was defined by 2014's Senate Bill 1275, the Charge Ahead California initiative. The Charge Ahead California campaign, which consists of Coalition for Clean Air, Communities for a Better Environment, Environment California, the Greenlining Institute and NRDC, sponsored SB 1275. Since 2014, we have continued to support and advocate for clean transportation investment strategies that are centered on equity and helping communities with the greatest barriers to clean transportation.

To save lives and prevent the worst outcomes of the climate crisis, we urge you to increase clean transportation investments and prioritize projects that directly benefit low-income and disadvantaged communities. Despite the cuts to clean transportation in the finalized 2023-2024 State Budget, we appreciate that the reductions were not as severe as originally anticipated. We also appreciate the Administration's commitment to fulfilling the promise of a +\$10 billion ZEV investment package, with funding being made up for in future years. Yet, we understand that state finances are highly volatile and funding for clean transportation will continue to fluctuate without stable sources of funding.

Our comments on the 2024-2025 State Budget are below:

General Comments:

- **The State Budget should avoid further cuts to clean transportation:** While we understand California has many competing needs and strained revenues, we urge you to not cut clean transportation even further. While we appreciate the Governor's commitment to uphold the \$10 billion ZEV funding plan over the long run, last year's budget still represented an 11% reduction in funding for clean transportation programs. SB 1275 programs, which specifically target communities with the highest barriers to clean transportation, only received \$80 million last year; down significantly from 2022's \$381 million. Medium- and heavy-duty vehicle programs, meanwhile saw funding reduced from nearly \$2.1 billion in 2022 to \$483.1 million in 2023. Additional cuts would also put the state even further off course of meeting the \$10 billion ZEV package commitment, as well as delay the emission reductions needed to meet our climate and air quality commitments.
- **California must focus its climate investments on equity-centered programs that directly address the needs of disadvantaged and low-income communities:** It is well known that low-income and disadvantaged communities bear the brunt of the burden of transportation-related pollution. Over the last century, these communities have been subject to discriminatory redlining, been bisected by freeways and suffered from chronic underinvestment. As such, these communities are not only the most impacted by pollution, but they also face the highest barriers to clean transportation. While California has, over the past decade, committed to investing more in these communities, much more work remains. We urge California to continue prioritizing these communities and invest *at least* 80% of clean transportation funds (ideally, above 80%) in low-income and disadvantaged communities.
- **California's climate investments must pay more attention to low-income and disadvantaged rural communities:** In addition to investing in low-income and disadvantaged communities, California must also consider how to better invest in rural communities, such as the Coachella and Imperial Valleys and Central Coast. In addition to having their own barriers to clean transportation, rural communities are often overlooked for both public and private investment. Rather, public charging and fueling stations tend to be concentrated near major roadways and in high-traffic areas, such as civic centers, transit stops or commercial areas. Additionally, charging and fueling infrastructure is often unreliable, putting drivers at higher risk of being stranded in an unfamiliar area simply because they need to venture further to charge or fuel their vehicle. To overcome this, local leaders and community-based organizations have created innovative clean transportation and charging programs largely on their own. California should support and set aside funding for such efforts.

Light Duty and Clean Mobility Programs:

- **Clean Cars 4 All and financing assistance:** With the Clean Vehicle Rebate Program (CVRP) having wound down, the Clean Cars 4 All (CC4A) and financing assistance programs are becoming even more important in California's ZEV deployment strategy.

These programs are specifically designed to help income-qualifying residents of disadvantaged communities replace old, polluting vehicles with clean vehicles or use other modes of clean transportation, such as transit.

As one of two remaining light-duty incentives funded by the state's climate investments program, CC4A and financing assistance need more funding. Yet, funding for these programs has often lagged far behind the larger, mass-market CVRP program. Over the past three years, CC4A has received \$75 million (2021-2022), \$205 million, with \$125 million going to statewide expansion (2022-2023) and \$28 million, with \$14 million going to statewide expansion (2023-2024). Meanwhile, CVRP received \$525 million in its final allocation in the 2021 budget, and routinely received around \$200 million annually in the years prior. Further, the \$10.1 billion ZEV Investment Package anticipates only \$45 million for CC4A and equity programs in 2024-2025, and no further funding after 2025. ***To ensure these programs both continue functioning and fulfill their expanded role after the CVRP winddown, we request at least \$150 million go to CC4A and financing assistance.*** Should the state's fiscal condition not be able to accommodate such an amount, we ask the state to, at minimum, continue funding CC4A, financing assistance and other equity programs beyond 2025.

Further, it is important to note the new statewide CC4A and vehicle financing assistance program has not been launched yet. As such, the \$139 million CARB previously appropriated for the statewide program has not been used yet. While CARB does have the authority to reallocate funds to the district-based programs, ***the State Budget should ensure that additional funds go to existing, operational programs before the yet-to-be-launched statewide program.***

- **Clean mobility, transit and equity programs:** Incentivizing ZEV ownership is not California's only clean transportation strategy. While ZEVs do not produce tailpipe emissions, they still contribute to traffic congestion as well as air pollution through tire and brake wear. Additionally, equity-focused clean mobility and transit programs are often a more useful option and cost-effective for low-income earners, younger people, people with disabilities and those in areas with poor charging and fueling infrastructure.

Historically, funding for clean mobility and equity funds was lumped in with CC4A funding. For example, the \$150 million allocated for equity programs in 2021-2022 was split among eight different programs, with \$75 million going to CC4A and the rest split among the remaining programs. Last year's budget, however, changed this approach by creating a specific allocation of \$60 million for community-based clean mobility programs. ***We support this approach and urge California's leaders to continue treating clean mobility and equity funding as separate from CC4A.***

The Clean Mobility Programs (Clean Mobility Options, Clean Mobility in Schools and the Sustainable Transportation Equity Project) provide a bottom-up, community-centered approach that allows communities to implement the type of projects they want to see in

their community to address their mobility needs. Since their inception, these programs have received a total of \$203 million, amounting to less than 10 percent of the total light-duty vehicle investments. We request a minimum of \$100 million to meet the demand, sustain existing efforts, and implement new projects.

Additionally, we support continued funding for both transit capital projects and operations, with a focus on projects that benefit disadvantaged and low-income communities. While some of the concern about the “transit fiscal cliff” has eased due to the actions in the 2023 State Budget, transit services are still struggling to adequately meet the needs of our communities, especially in the wake of evolving commuting and travel patterns. Supporting transit projects that serve areas with high barriers to clean transportation and significant pollution burdens is key in ensuring that all Californians can truly benefit from ZEV technologies.

Medium- and Heavy-Duty Transportation:

Replacing medium and heavy-duty trucks is particularly important for California’s efforts to reduce climate- and health-harming pollutants. Diesel trucks are responsible for 82% of the carcinogenic diesel particulate matter and 58% of smog-forming pollutants in our air. Communities near goods movement corridors and hubs have a demonstrably higher cancer risk compared with other regions in the state. To address this, California has passed groundbreaking rules to better facilitate the turnover of old trucks. These rules, such as the Advanced Clean Fleets Rule, will help accelerate clean truck deployment in our state. Yet, fleet operators – particularly small fleets, will need assistance in purchasing and supporting clean vehicles. While EV truck deployment is starting to pick up, most trucks in California are, and will continue to be for many years, diesel-powered. Further threatening deployment of zero-emission trucks in the future is the ZEV package’s originally anticipated drop-off in funding for medium- and heavy-duty trucks in the upcoming and future budget years.

To this end, we recommend the following allocations for medium- and heavy-duty incentive programs:

- \$200 million for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)
- \$50 million for Innovative Small E-Fleets (ISEF)
- \$150 million for the Clean Off-Road Equipment Voucher Incentive Project (CORE)
- \$100 million for technology demonstration projects
- \$250 million for the Carl Moyer program

In addition to the recommended allocations, we urge California to ensure that fleet size limits on medium- and heavy-duty incentive programs begin on January 1, 2025. These fleet size limits are vital in ensuring that small fleets can access clean truck incentive funds. Additionally, with the coming implementation of the Advanced Clean Fleet rules, larger truck firms have an increased incentive to seek public subsidy to meet regulatory requirements.

Charging/Fueling infrastructure:

While California has made significant strides in deploying clean vehicles throughout the state, the deployment of charging and fueling infrastructure continues to be a major obstacle. This problem is particularly challenging in the medium- and heavy-duty sector, which is dependent on reliable, quick and high-volume electrical and fueling needs. The need for robust medium- and heavy-duty charging infrastructure is only going to grow with the implementation of the Advanced Clean Fleets, Advanced Clean Trucks, and Innovative Clean Transit rules and other initiatives seeking to transform goods movement and heavy-duty off-road vehicles. ***To this end, we request the budget include \$250 million for medium- and heavy-duty charging and fueling infrastructure.*** We also support the California Energy Commission's efforts to focus hydrogen fueling infrastructure on the medium- and heavy-duty sector rather than the passenger sector, which continues to be stymied by prohibitive costs as well as supply and station reliability. ***Lastly, repeat our call to set aside funding to help community-based organizations that own and operate public charging infrastructure in underserved communities.***

Thank you for your consideration of our comments. We look forward to working with you and other stakeholders in crafting a clean transportation budget centered on equity.

Sincerely,



Chris Chavez
Coalition for Clean Air



Laura Deehan
Environment California



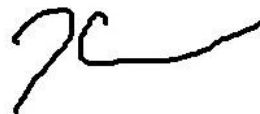
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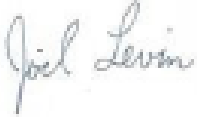
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