



## IN BRIEF

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SB 771 further eases the financial barriers to purchasing new and used electric and hybrid vehicles for lower-income consumers participating under the Clean Cars for All (CC4A) program.

## BACKGROUND

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As California shifts gears toward a zero-emission transportation model, as directed by Governor Newsom's Executive Order (N-79-20) requiring all vehicles sold in the state to be zero-emission by 2035, we need a vigorous agenda rooted in equitable clean transportation policies. While past transportation policies have moved the state forward, it has sometimes come at the expense of disadvantaged communities. California will not be able to meet its zero-emission vehicles goals unless it prioritizes the communities most in need. Moving forward, California will need to take a proactive approach to ensure clean transportation policy is accessible, affordable, and workable for disadvantaged communities.

Offsetting some of the costs of purchasing a clean vehicle is the most effective way to motivate clean vehicle adoption. Of the many rebate and grant programs that California offers, Clean Cars for All (CC4A) is one of the most well-known programs with varying vehicle eligibility, regional coverage, and program budgets. CC4A is strictly income-qualified and covers used and new vehicles. It is intentionally crafted to encourage lower-income Californians into cleaner technology vehicles. The program provides individuals living in participating air districts (e.g. South Coast Area, San Joaquin Valley, Bay Area, and Sacramento Area) with up to \$9,500 toward the purchase of a new or used plug-in hybrid, electric, or fuel cell vehicle<sup>1</sup>.

Participants in the CC4A program must retire an older car to be eligible for an incentive for a cleaner vehicle, similar to previous scrap and replace programs (often referred to as "cash for clunkers"). Those programs were criticized because many recipients who participated in the program planned to replace their vehicle within a finite period regardless of the grant they received.<sup>2</sup> The CC4A program,

on the other hand, addresses much of that criticism because it focuses on lower-income consumers--who are likely to drive an aging vehicle and requires the replacement vehicle to be cleaner than a vehicle those consumers would have chosen without CC4A<sup>3</sup>. According to recent reports on the CC4A program's introduction, a significant proportion of the vehicles bought under the program may not have been purchased otherwise without the subsidy, indicating that the CC4A program is well positioned to promote clean vehicle adoption<sup>4</sup>.

## THE ISSUE

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California has set a goal to have 1.5 million ZEVs on the road by 2025. However, in its most recent update, the California Energy Commission (CEC) and Department of Motor Vehicles (DMV) found that we are significantly short. As of April 30<sup>th</sup>, 2021, there are a total of 635,602 ZEV vehicles on the road, compared to the 28 million non-ZEV populations currently on the road<sup>5</sup>. While there are existing rebate programs to offset the sales price of a ZEV or hybrid vehicle, further limiting the cost barrier for purchasing ZEVs for lower-income Californians can help the state accelerate the adoption of ZEVs at the pace it needs to reach 1.5 million ZEVs on the road.

## THE SOLUTION

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SB 771 alleviates the financial barriers to purchasing new and used electric and hybrid vehicles for lower-income consumers participating under the Clean Cars for All (CC4A) program. By exempting the state's sales tax, we can accelerate the adoption of electric and hybrid vehicles by prioritizing lower-income Californians.

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<sup>1</sup> "Eligibility." *Bay Area Air Quality Management District*, [www.baaqmd.gov/funding-and-incentives/residents/clean-cars-for-all/eligibility](http://www.baaqmd.gov/funding-and-incentives/residents/clean-cars-for-all/eligibility).

<sup>2</sup> DeShazo, J.R., and James Di Filippo. *A California Agenda for Equity-Centered Clean Transportation*. University of California, Los Angeles Luskin Center for Innovation, 2021.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> California Energy Commission. "Zero Emission Vehicle and Infrastructure Statistics." *California Energy Commission*, California Energy Commission, [www.energy.ca.gov/data-reports/energy-insights/zero-emission-vehicle-and-charger-statistics](http://www.energy.ca.gov/data-reports/energy-insights/zero-emission-vehicle-and-charger-statistics).