



## Legislation Text

**File #:** 20-0129, **Version:** 1

Air Quality Management District (AQMD) recommending the Board, acting as the AQMD Board of Directors, make the following amendments to the Drive Clean program:

- 1) Restrict eligibility of Plug in Hybrids Electric Vehicles (PHEVs) to those with an electric range of  $\geq$  35 miles;
- 2) Restrict eligibility of PHEVs and EVs to those with a base MSRP of  $\leq$  \$60,000;
- 3) Reduce the incentive amount from \$1,000 to \$599;
- 4) Require vehicle purchase within 2 months of receiving pre-approval;
- 5) Require the submittal of all documentation within 3 months after vehicle purchase; and
- 6) Limit the number of incentives available per household to one.

**FUNDING:** AB 2766 DMV Motor Vehicle Emission Reduction Subvention Fees.

### DISCUSSION / BACKGROUND

El Dorado County is nonattainment for the federal ozone standard. Motor vehicle emissions are a primary contributor to ground level ozone. In 1990, AB 2766 authorized air districts to assess motor vehicle registration fees to reduce motor vehicle emissions and implement the California Clean Air Act. On December 11, 1990, the Board of Directors adopted Resolution #90-488 that set the motor vehicle registration fee at \$2.00 per registered vehicle. On June 14, 2001, the Board of Directors adopted Resolution #01-21 increasing the fee from \$2.00 to \$4.00 per registered vehicle. To date these funds have been awarded for the implementation of 89 motor vehicle emission reduction projects in the County. The Drive Clean! Incentive program is one of these projects.

Federal EV and PHEV income tax credits for Tesla vehicles ended on 12/31/2019, and will end for General Motors vehicles on 3/31/2020. The tax credit will continue for vehicles produced by other manufacturers until they reach the 200,000 units sold threshold. On December 3, 2019, the California Air Resources Board (CARB) amended the State's Clean Vehicle Rebate Program (CVRP) by implementing program changes. These changes are anticipated to make more cost effective use of public funding while continuing to improve air quality. Those changes include:

- 1) Only PHEVs with an electric range of  $\geq$  35 miles are now eligible,
- 2) Only PHEVs and EVs with a base MSRP of  $\leq$  \$60,000 are now eligible,
- 3) Standard incentive amounts were reduced. The current standard amounts range from \$750 to \$4,500. The amounts for low income residents were not changed,
- 4) Applicants must submit all required documentation within 3 months after purchase, and
- 5) The cap on the number of incentives per household was reduced from two to one.

Similarly, AQMD proposes making changes to the EDC Drive Clean! vehicle incentive program. Those changes are:

- 1) Only PHEVs with an electric range of  $\geq$  35 miles will be eligible,
- 2) Only PHEVs and EVs with a base MSRP of  $\leq$  \$60,000 will be eligible,

- 3) The incentive amount will be reduced from \$1,000.00 to \$599.99,
- 4) Applicants must purchase their vehicle within 2 months of receiving pre-approval,
- 5) Applicants must submit all required documentation to AQMD within 3 months after purchase, and
- 6) The number of incentives available per household will be capped at one.

To date, over 500 EDC residents have taken advantage of this program. This has produced significant emission reductions and has helped relieve traffic congestion on Highway 50 as many recipients have been able to utilize HOV lanes during commute hours.

If approved, these changes will improve the cost effectiveness of the program resulting in greater emission reductions with the available funding. These changes will also improve program implementation efficiency by setting realistic application and claim time periods, and by setting the incentive amount below that which would require the Auditor's Office to issue a W-9 for every recipient (\$600.00).

### **ALTERNATIVES**

Alternatives the Board may take in lieu of approving the recommendations include:

- 1) Not approving the recommended changes to the Drive Clean program. This alternative would result in EDC AQMD Drive Clean! Program having different requirements than the State CVRP program and would keep the current incentive amount at \$1,000.
- 2) Discontinuing the program and directing staff to look for alternative motor vehicle emission reduction projects that would be eligible for this funding source.

### **PRIOR BOARD ACTION**

- 1) April 1, 2014, Item 15, Legistar File 11-1429: The Board approved the implementation of the Drive Clean electric vehicle purchase/lease incentive program and authorized the use of AB2766 funds for the program.
- 2) March 8, 2016, Item 40, Legistar File 11-1429: The Board amended the program by eliminating the Highway 50 HOV lane commute eligibility requirement citing higher participation and greater motor vehicle emission reductions.

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

N/A

### **CAO RECOMMENDATION / COMMENTS**

It is recommended that the Board approve this item.

### **FINANCIAL IMPACT**

Program cost effectiveness will be enhanced by reducing the incentive to a lower amount that will still encourage program participation. If the participation rate remained constant, annual cost saving in 2020 will be approximately \$44,800.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

Forward signed copy of Minute Order to AQMD

### **STRATEGIC PLAN COMPONENT**

Healthy Communities

**CONTACT**

Dave Johnston, Air Pollution Control Officer x7578