



Summary: Federal Stimulus Policy Priorities

Updated Apr. 5, 2020

Clean Transportation Technologies and Solutions

www.calstart.org

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1. Fix the EV tax credit to give consumers no-emission car choices and stimulate EV sales.

RECOMMENDATION: Extend and reform the light-duty electric vehicle (EV) tax credit.¹

With consistent and transparent public policy, EV sales globally could account for 50% of all vehicles sales by 2030. Sending a strong policy signal now would help manufacturers boost sales, plan production, support their workforce, and incent consumers to choose the best available cars in the market. A decline in overall EV sales began with last year's tax credit phase-out for the leading U.S. EV manufacturers. More EVs are manufactured in California than in any other state, and California's EV ecosystem is a major job creator, employing roughly 275,600 Californians in 2018.² Reinstating the full incentive for the leading manufacturers would enable an almost immediate increase in production of EVs in the U.S., keeping this industry competitive globally, and supporting workers.

2. Create a federal zero-emission (ZE) truck incentive to deploy clean trucks quickly.

RECOMMENDATION: Create a new \$2 billion/five-year point-of-sale incentive for zero-emission (ZE) and near-ZE trucks. There is a significant economic opportunity to build out a stronger domestic zero-emission truck industry and support manufacturing jobs while zero-emission technology deployments are needed in the medium- and heavy-duty vehicle (MHDV) market to meet California's emission reduction goals. Upfront costs of ZE and near-ZE vehicles are consistently identified by industry as one of the biggest barriers to further deployment. A point-of-sale incentive would enable commercial/ near commercial zero-and-near-zero emission trucks to get on the roads as quickly as possible, supporting both manufacturers and truck drivers. CALSTART analysis of similar incentives across the U.S. has shown that point-of-sale voucher programs are most effective for their ease of use and administration.³ A direct buy-down will provide the most immediate job and economic stimulus. Congress should include a direct buy-down in existing federal programs or in pending legislative opportunities. As an example, Congress could explore:

- Expanding the **EPA Diesel Emissions Reduction Act low-emission bus rebate program for low-emission buses** to include point-of-sale rebates for other ZE and near-ZE MHDVs⁴;
- Creating a new **DOE point-of-sale ZE and near-ZE MHDV rebate** modeled after other proposed programs⁵; and/or
- Reauthorizing **FHWA Congestion Mitigation and Air Quality (CMAQ) with a MHDV rebate carveout.**⁶

In addition, CALSTART recommends:

- **Incentivizing ZET infrastructure through a combination of financial and tax incentives**, including expanding the **§30C 30% investment tax credit** for charging and hydrogen refueling infrastructure for ZETs, establishing a **DOE voucher/rebate program** providing for charging and refueling infrastructure for ZET fleets, or other policy mechanisms.
- **An additional \$250 million per year in Research, Development, and Demonstration (RD&D) investment to support ZET technology development** through a long-term MHDV

¹ 26 U.S. Code § 30D

² Los Angeles County Economic Development Corporation, "Energizing an Ecosystem: The Electric Mobility Revolution in Southern California," March 2020, <https://laedc.org/2020/03/01/laedc-ev-industry-report/>.

³ Welch, Dan, and Benjamin Mandel, "Voucher Incentive Programs: A Tool for Clean Commercial Vehicle Deployment," CALSTART, July 2019, pp. 17-24, <https://calstart.org/voucher-incentive-programs-a-tool-for-clean-commercial-vehicle-deployment/>.

⁴ 42 U.S. Code §16131 et seq

⁵ 42 U.S. Code § 17011(b)

⁶ 23 U.S. Code § 149(c)



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innovation agenda across DOT and DOE RD&D programs. Selectively reauthorize these innovation programs to provide both long-term program stability and policy direction related to ZET priorities.

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3. *Support a fourfold increase in deployment of ZE buses (ZEBs).*

RECOMMENDATION: Increase funding for Low-No fourfold from \$55 million/year to \$220 million/year, starting in FY 2021.⁷ FTA's Low and No Emission Bus program (Low-No) has successfully funded transit agencies of every size across the U.S. to purchase low- and no-emission buses and has helped grow the domestic supplier base. California leads nationwide in the production of ZEBs with at least four leading ZEB manufacturers based in the state, and leads the U.S. with over 1000 zero-emission buses deployed in 2019. Each year Low-No is significantly over-subscribed as fleets race to meet demand. In addition, due to declining ridership due to the coronavirus, transit agencies that are facing financial pressures are faced with the choice of potentially cancelling orders of ZEBs. To provide additional assistance to transit agencies to purchase these vehicle and to right-size the program, Low-No should be reauthorized at a robust level, helping manufacturers and workers in the ZEB supply chain get back to work.

In addition, CALSTART recommends:

- **\$50 million per year in competitive funding solicitations through FTA's Research, Demonstration and Innovation Program** for low- and no-emission bus research and **\$5 million per year to provide technical assistance** to transit operators to integrate these technologies.
- **\$150 million annually through the FTA Integrated Mobility Innovation (IMI) Demonstration Program.**⁸ California companies lead the nation in innovative mobility technologies, such as automated transit vehicles. To prepare for the deployment of multi-modal mobility and support future transit system needs including automated technologies in a post-COVID-19 environment, Congress should authorize these programs and FTA should provide robust annual funding.

4. *Build-out clean fuel infrastructure for ZE and near-ZE trucks along interstates.*

RECOMMENDATION: Create a \$300 million/year, five-year Alternative Fuel Corridor program as a down payment on critically needed, shovel-ready alternative fuel infrastructure investment.⁹ Based on initial estimates and industry surveys, CALSTART anticipates the total investment needed to convert the nation's trucking infrastructure to zero or near-zero emission fuels to be between \$50-100 billion over the next decade.¹⁰ To jumpstart needed infrastructure deployment, well-structured federal infrastructure investment through the DOT's existing Alternative Fuel Corridor Program has the potential to play a vital role in deploying lower emission transportation options through shovel-ready projects, putting workers at EV Supply Equipment and alternative fuel manufacturers/suppliers back to work integrating this new infrastructure along congested highway corridors.

⁷ 49 U.S. Code §5339(c)

⁸ 49 U.S. Code §5312

⁹ 23 U.S. Code § 151

¹⁰ <https://westcoastcollaborative.org/files/sector-fuels/wcc-aficc-mhd-infrastructure-development-plan-2020-03-12.pdf>