

California Incentives **Available to the North State Region**

Listed below are the summaries of all current California laws, incentives, regulations, funding opportunities, and other initiatives related to alternative fuels and vehicles, advanced technologies, or air quality.

State Incentives

Natural Gas Vehicle Incentives

The Institute of Transportation Studies at University of California Irvine administers the Natural Gas Vehicle Incentive Project (NGVIP) to provide funding for qualified natural gas vehicles (NGVs). Eligible vehicles include new on-road natural gas light-, medium-, or heavy-duty vehicles that are fully warranted and meet California Air Resources Board requirements. Each applicant must complete a NGVIP reservation form and receive a confirmed reservation before purchasing an eligible NGV.

GVWR (lbs.)	Incentive Amount
Up to 8,500	\$1,000
8,501 - 16,000	\$6,000
16,001 - 26,000	\$11,000
26,001 - 33,000	\$20,000
33,001 & greater	\$25,000

Each applicant may apply for up to 30 incentives. Vehicles must operate on natural gas at least 90% of the time for three years after purchase. Incentive amounts are based on the NGV's gross vehicle weight rating (GVWR) as follows:

The California Energy Commission Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) funds the NGVIP. For more information, including vehicle eligibility requirements and exclusions, see the [NGVIP](#) website. Funding availability is based on confirmed reservations. No funding is currently available, though applicants may be placed on a waitlist (verified October 2015).

Hybrid Electric Vehicle (HEV) and Zero Emission Vehicle (ZEV) Purchase Vouchers

Through the Hybrid Truck and Bus Voucher Incentive Project (HVIP), the California Air Resources Board provides vouchers to eligible fleets to reduce the incremental cost of qualified medium- and heavy-duty HEVs and ZEVs at the time of purchase. Vouchers are available on a first-come, first-served basis and range from \$12,000 to \$110,000. Only fleets that operate vehicles in California are eligible. HVIP funds for the current year are still available (verified October 2015). For more information, including a list of qualified vehicles and other requirements, see the [HVIP](#) website.

Plug-In Hybrid and Zero Emission Light-Duty Vehicle Rebates

The Clean Vehicle Rebate Project (CVRP) offers rebates for the purchase or lease of qualified vehicles. The rebates are for up to \$5,000 for zero emission and plug-in hybrid light-duty vehicles that the California Air Resources Board (ARB) has approved or certified. The rebates are available on a first-come, first-served basis to individuals, business owners, and government entities in California that purchase or lease new eligible vehicles. Manufacturers must apply to ARB to have their vehicles included in CVRP. ARB determines annual funding amounts for CVRP, which is expected to be effective through 2023. In June 2015, ARB and the State Energy Resources Conservation and Development Commission approved revisions to the criteria and

requirements for CVRP, including eligibility limitations based on income and increased rebate amounts for low and moderate income consumers. Implementation of these changes is expected in late 2015 (verified October 2015). For more information, including a list of eligible vehicles and other requirements, see the [CVRP](#) website. (Reference [California Health and Safety Code](#) 44274 and 44258)

Electric Vehicle Supply Equipment (EVSE) Loan and Rebate Program

The Electric Vehicle Charging Station Financing Program (Program), part of the California Capital Access Program (CalCAP), provides loans for the design, development, purchase, and installation of EVSE at small business locations in California. The Program may provide up to 100% coverage to lenders on certain loan defaults. Lenders must apply to the California Pollution Control Financing Authority (CPCFA) to participate and enroll each qualified EVSE loan through CalCAP. Upon approval, CPCFA will pay a premium into the lender's loan loss reserve account for up to 20% of the loan amount and contribute an additional 10% for installations in multi-unit dwellings and disadvantaged communities.

Small businesses are eligible for a rebate of 50% of the loan loss reserve amount after the small business repays the loan in full or meets monthly payment deadlines over a 48-month period. Eligible borrowers must be small businesses with 1,000 or fewer employees and must maintain legal control of the EVSE for the entire loan period. The maximum loan amount is \$500,000 per qualified small business and can be insured for up to four years.

The California Energy Commission funds the Program. For more information, including EVSE technical requirements and eligibility requirements for both borrowers and lenders, see the [Program](#) website.

Alternative Fuel and Vehicle Incentives

The California Energy Commission (CEC) administers the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) to provide financial incentives for businesses, vehicle and technology manufacturers, workforce training partners, fleet owners, consumers, and academic institutions with the goal of developing and deploying alternative and renewable fuels and advanced transportation technologies. The CEC must prepare and adopt an annual [Investment Plan\(PDF\)](#) for the ARFVTP to establish funding priorities and opportunities that reflect program goals and to describe how program funding will complement other public and private investments. Funded projects include:

- Commercial alternative fuel vehicle (AFV) demonstrations and deployment;
- Alternative and renewable fuel production;
- Research and development of alternative and renewable fuels and innovative technologies;
- AFV manufacturing;
- Workforce training; and
- Public education, outreach, and promotion.

The program will be available until January 1, 2024. For more information, see the [ARFVTP](#) website. (Reference [California Health and Safety Code](#) 44270-44274.7 and [California Code of Regulations](#), Title 13, Chapter 8.1)

Voluntary Vehicle Retirement Incentives

Through the California Bureau of Automotive Repair's (Bureau) Consumer Assistance Program (CAP), the owner of a personal motor vehicle may receive \$1,500 to retire the vehicle early from operation. Owners must meet low-income eligibility requirements, must successfully complete a smog test (pass or fail) within 180 days of application, and may only retire one vehicle annually. An eligible vehicle must be registered in the state without substantial lapse for at least two years prior to retirement. The owner must retire the vehicle at a dismantler under contract with the Bureau. The Bureau also offers financial assistance of up to \$500 toward emissions-related repairs for vehicles remaining in service that cannot pass the biennial smog check inspection. For more information, additional eligibility requirements and, application materials, see the [CAP](#) website. (Reference [California Health and Safety Code 44062.3](#) and [44125](#))

Alternative Fuel Vehicle (AFV) and Fueling Infrastructure Grants

The Motor Vehicle Registration Fee Program (Program) provides funding for projects that reduce air pollution from on- and off-road vehicles. Eligible projects include purchasing AFVs and developing alternative fueling infrastructure. Contact [local air districts](#) and see the [Program](#) website for more information about available grant funding and distribution from the Program. (Reference [California Health and Safety Code 44220](#) (b))

Emissions Reductions Grants

The Carl Moyer Memorial Air Quality Standards Attainment Program (Program) provides incentives to cover the incremental cost of purchasing engines and equipment that are cleaner than required by law. Eligible projects include heavy-duty fleet modernization, light-duty vehicle replacements and retrofits, idle reduction technology, off-road vehicle and equipment purchases, and alternative fuel and electric vehicle infrastructure projects. The Program provides funds for significant near-term reductions in nitrogen oxide emissions, reactive organic gases, and particulate matter emissions. Funding is available until January 1, 2024. Contact [local air districts](#) for more information about grant funding availability and distribution. Also see the [Program](#) website.

The California Air Resources Board, in consultation with local air districts, must convene working groups to evaluate the Program's policies and goals. (Reference [Senate Bill 513](#), 2015, and [California Health and Safety Code 44275-44299.2](#))

Point of Contact

Diesel Hotline
California Air Resources Board
Phone: (866) 6DIESEL (634-3735)
8666diesel@arb.ca.gov

Heavy-Duty Vehicle Emissions Reduction Grants

The Goods Movement Emission Reduction Program (Program) provides funding for projects that reduce emissions from freight movement in the state, including heavy-duty truck replacement, repower, or retrofit; and truck stop electrification infrastructure development. For more information about funding application opportunities, see the [Program](#) website. (Reference [California Health and Safety Code 39625-39627.5](#))

Point of Contact

Goods Movement Emission Reduction Program
California Air Resources Board
Phone: (916) 44-GOODS (444-6637)

Low Emissions School Bus Grants

The Lower-Emission School Bus Program (Program) provides grant funding for the replacement of older school buses and for the purchase of air pollution control equipment for in-use buses. The California Air Resources Board must verify that the air pollution control devices reduce particulate matter emissions by at least 85% for each retrofitted school bus. Public school districts in California that own their buses are eligible to receive funding. Private school transportation providers that contract with public school districts in California to provide transportation services are also eligible to receive funding for the retrofit of in-use buses. New buses purchased to replace older buses may be fueled with diesel or an alternative fuel, provided that the required emissions standards specified in the current guidelines for the Program are met. Funds are also available for replacing on-board natural gas tanks on older school buses and for updating deteriorating natural gas fueling infrastructure. Commercially available hybrid electric school buses may be eligible for partial funding. For more information, see the [Program](#) website and contact local air districts to confirm funding availability. (Reference [California Health and Safety Code 41081 and 44099](#))

Point of Contact

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<http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>

Alternative Fuel and Advanced Vehicle Career Training

The Clean Technology and Renewable Energy Job Training, Career Technical Education, and Dropout Prevention Program provides grant funding to school districts for occupational training programs that focus on employment in clean technology and renewable energy businesses, such as clean vehicle technologies, and cellulosic ethanol, biodiesel, biomass power, green waste, and fuel cell production. This program is subject to funding appropriation. (Reference [California Education Code 54690-54699](#))

Compressed Natural Gas (CNG) and Electricity Tax Exemption for Transit Use

CNG and electricity that local agencies or public transit operators use as motor vehicle fuel to operate public transit services is exempt from applicable user taxes a county imposes. (Reference [California Revenue and Taxation Code 7284.3](#))

Residential Electric Vehicle Supply Equipment (EVSE) Financing Program

Property-Assessed Clean Energy (PACE) financing allows property owners to borrow funds to pay for energy improvements, including purchasing and installing EVSE. The borrower repays over a defined period of time through a special assessment on the property. Local governments in California are authorized to establish PACE programs. Property owners must agree to a contractual assessment on the property tax bill, have a clean property title, and be current on property taxes and mortgages. Financing limits are 15% of the first \$700,000 of the property value and 10% of the remaining property value. For more information, see the California Alternative Energy and Advanced Transportation Financing Authority [PACE](#) website. (Reference [California Public Resources Code 26050-26082](#))

Utility/Private Incentives

Clean Vehicle Electricity and Natural Gas Rate Reduction - PG&E

Pacific Gas & Electric (PG&E) offers discounted Residential Time-of-Use rates for electricity used for plug-in electric vehicle charging. Discounted rates are also available for compressed or uncompressed natural gas used in natural gas vehicle (NGV) home fueling appliances. For more information, see the PG&E [Electric Vehicle Rate Options](#) and [NGV Rates](#) websites.

Biofuel Volume Rebate Program - Propel Fuels

Propel Fuels offers a rebate to qualified fleet customers for monthly purchases of more than 500 gallons of biodiesel blends and E85. Fleet customers must purchase the fuel directly from Propel public retail locations using the Propel CleanDrive Fleet Card. The program offers a rebate of \$0.03 per gallon for purchases of less than 1,000 gallons of biofuel per month, and \$0.05 per gallon for purchases of 1,000 gallons or more per month. The rebate is applied at the end of each monthly billing cycle. For more information, see the [Propel Clean Fleet Solution](#) website.

Alternative Fuel Vehicle (AFV) and Hybrid Electric Vehicle (HEV) Insurance Discount

Farmers Insurance provides a discount of up to 10% on all major insurance coverage for HEV and AFV owners. To qualify, the automobile must be a dedicated AFV using ethanol, compressed natural gas, propane, or electricity, or be a HEV. A complete vehicle identification number is required to validate vehicle eligibility. For more information, see the Farmers [California Insurance Discounts](#) website.

Federal Incentives

Idle Reduction Equipment Excise Tax Exemption

Qualified on-board idle reduction devices and advanced insulation are exempt from the federal excise tax imposed on the retail sale of heavy-duty highway trucks and trailers. The exemption also applies to the installation of qualified equipment on vehicles after the vehicles have been placed into service. For a list of eligible products and additional information about product exemption eligibility criteria, see the U.S.

Environmental Protection Agency's (EPA) SmartWay Technology Program Federal Excise Tax Exemption website. The exemption applies to equipment that was determined by the Administrator of the EPA, in consultation with the Secretary of Energy and the Secretary of Transportation, to reduce the idling of the tractor at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary. Only equipment sold on or after October 4, 2008, is eligible. For more information, see IRS Publication 510(PDF) and the instructions for IRS Form 720, which are available on the IRS Forms and Publications website.

Point of Contact

Excise Tax Branch; U.S. Internal Revenue Service; Phone: (202) 317-6855

Qualified Two-Wheeled Plug-in Electric Drive Motor Vehicle Tax Credit

NOTE: This incentive originally expired on December 31, 2013, but was retroactively extended through December 31, 2016, by H.R. 2029(PDF).

A credit is available for the purchase of a new qualified two-wheeled plug-in electric drive vehicle that draws propulsion using a traction battery that has at least 2.5 kilowatt hours (kWh) of capacity, uses an external source of energy to recharge the battery, has a gross vehicle weight rating of up to 14,000 pounds, is manufactured primarily for use on public roadways, and can drive at least 45 miles per hour. The credit is for 10% of the cost

of the qualified vehicle, up to \$2,500, and applies to vehicles acquired between January 1, 2015, and December 31, 2016. For more information about claiming the credit, see the Internal Revenue Service (IRS) Plug-In Electric Vehicle Credit website and IRS Form 8936, which is available on the IRS Forms and Publications website.

Point of Contact

U.S. Internal Revenue Service; Phone: (800) 829-1040

Alternative Fuel Infrastructure Tax Credit

NOTE: This incentive originally expired on December 31, 2013, but was retroactively extended through December 31, 2016, by H.R. 2029(PDF).

Fueling equipment for natural gas, liquefied petroleum gas (propane), liquefied hydrogen, electricity, E85, or diesel fuel blends containing a minimum of 20% biodiesel installed between January 1, 2015, and December 31, 2016, is eligible for a tax credit of 30% of the cost, not to exceed \$30,000. Permitting and inspection fees are not included in covered expenses. Fueling station owners who install qualified equipment at multiple sites are allowed to use the credit towards each location. Consumers who purchased qualified residential fueling equipment prior to December 31, 2016, may receive a tax credit of up to \$1,000. Unused credits that qualify as general business tax credits, as defined by the Internal Revenue Service (IRS), may be carried backward one year and carried forward 20 years. For more information about claiming the credit, see IRS Form 8911, which is available on the IRS Forms and Publications website.

Point of Contact

U.S. Internal Revenue Service; Phone: (800) 829-1040

Alternative Fuel Excise Tax Credit

NOTE: This incentive was retroactively extended multiple times, most recently through December 31, 2016, by Public Law 114-113, 2015.

A tax incentive is available for alternative fuel that is sold for use or used as a fuel to operate a motor vehicle. A tax credit in the amount of \$0.50 per gallon is available for the following alternative fuels: compressed natural gas (CNG), liquefied natural gas (LNG), liquefied hydrogen, liquefied petroleum gas (propane), P-Series fuel, liquid fuel derived from coal through the Fischer-Tropsch process, and compressed or liquefied gas derived from biomass. For propane, CNG, and LNG sold after December 31, 2015, the tax credit is based on the gasoline gallon equivalent (GGE) or diesel gallon equivalent (DGE). For taxation purposes, one GGE is equal to 5.75 pounds (lbs.) of propane and 5.66 lbs. of CNG. One DGE is equal to 6.06 lbs. of LNG.

For an entity to be eligible to claim the credit they must be liable for reporting and paying the federal excise tax on the sale or use of the fuel in a motor vehicle. Tax exempt entities such as state and local governments that dispense qualified fuel from an on-site fueling station for use in vehicles qualify for the incentive. Eligible entities must be registered with the Internal Revenue Service (IRS). The incentive must first be taken as a credit against the entity's alternative fuel tax liability; any excess over this fuel tax liability may be claimed as a direct payment from the IRS. The tax credit is not allowed if an incentive for the same alternative fuel is also determined under the rules for the ethanol or biodiesel tax credits. Under current law, this tax credit is applicable to fuel sold or used between January 1, 2015, and December 31, 2016. For more information about claiming the credit, see IRS Publication 510, IRS Forms 637, 720, 4136, and 8849, and IRS Notice 2015-56 (August 2015), which are available on the IRS Forms and Publications website.

Point of Contact

Excise Tax Branch; U.S. Internal Revenue Service Office of Chief Counsel
Phone: (202) 317-6855

Fuel Cell Motor Vehicle Tax Credit

NOTE: This incentive was retroactively extended through December 31, 2016, by H.R. 2029(PDF).

A tax credit of up to \$8,000 is available for the purchase of qualified light-duty fuel cell vehicles, depending on the vehicle's fuel economy. Tax credits are also available for medium- and heavy-duty fuel cell vehicles; credit amounts are based on vehicle weight. Vehicle manufacturers must follow the procedures as published in Notice 2008-33(PDF) to certify to the Internal Revenue Service (IRS) that a vehicle meets certain requirements to claim the fuel cell vehicle credit. Notice 2008-33 also provides guidance to taxpayers about claiming the credit. Under current law, this tax credit expires on December 31, 2016. For more information about claiming the credit, see IRS Form 8910, which is available on the IRS Forms and Publications website.

Point of Contact

U.S. Internal Revenue Service; Phone: (800) 829-1040

Qualified Plug-In Electric Drive Motor Vehicle Tax Credit

A tax credit is available for the purchase of a new qualified plug-in electric drive motor vehicle that draws propulsion using a traction battery that has at least five kilowatt-hours (kWh) of capacity, uses an external source of energy to recharge the battery, has a gross vehicle weight rating of up to 14,000 pounds, and meets specified emission standards. The minimum credit amount is \$2,500, and the credit may be up to \$7,500, based on each vehicle's traction battery capacity and the gross vehicle weight rating. The credit will begin to be phased out for each manufacturer in the second quarter following the calendar quarter in which a minimum of 200,000 qualified plug-in electric drive vehicles have been sold by that manufacturer for use in the United States. This tax credit applies to vehicles acquired after December 31, 2009. For more information, including qualifying vehicles and sales by manufacturer, see the Internal Revenue Service (IRS) Plug-In Electric Vehicle Credit website. Also refer to IRS Form 8936, which is available via the IRS Forms and Publications website.

Point of Contact

U.S. Internal Revenue Service; Phone: (800) 829-1040

Ethanol Infrastructure Grants and Loan Guarantees

The Rural Energy for America Program (REAP) provides loan guarantees and grants to agricultural producers and rural small businesses to purchase renewable energy systems or make energy efficiency improvements. Eligible renewable energy systems include flexible fuel pumps, or blender pumps, that dispense intermediate ethanol blends. The maximum loan guarantee is \$25 million and the maximum grant funding is 25% of project costs. At least 20% of the grant funds awarded must be for grants of \$20,000 or less. This program is funded through fiscal year 2018 (verified November 2015), but is subject to congressional appropriations thereafter. For more information, see the REAP website. (Reference Public Laws 113-79 and 112-240, and 7 U.S. Code 8107)

Point of Contact

USDA Office of Rural Development, Business & Cooperative Programs; Phone: (202) 690-4730