

**Metropolitan Transportation Commission  
Legislation Committee**

June 14, 2019

Agenda Item 3d

**AB 784 (Mullin): Zero Emission Bus Sales Tax Exemption**

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**Subject:** AB 784 would exempt zero-emission buses (ZEBs) from the state portion of the sales and use tax until January 1, 2024. The state sales tax exemption would apply to those transit buses that are eligible for the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).

**Background:** In December 2018, the California Air Resources Board (CARB) finalized the Innovative Clean Transit (ICT) Regulation, which requires transit agencies across the state to transition their bus fleets to zero-emission technology by 2040. Throughout the regulation’s development, MTC strongly supported CARB’s goal of reducing greenhouse gas (GHG) and other emissions, however we also expressed serious concerns about the financial impact on the region’s transit operators, given the significant upfront costs associated with transitioning to zero-emission fleets. For example, a CARB analysis showed that in 2016, the price of a standard depot-charged battery electric transit bus was nearly \$300,000 more than a standard diesel transit bus. The incremental cost to purchase a standard fuel cell electric transit bus was approximately \$750,000. Those costs do not include the necessary infrastructure for charging those vehicles.

Existing low carbon transportation incentives, such as the Cap-and-Trade-funded HVIP, can help reduce near-term upfront fleet transition costs, but fall short of closing the gap between the cost of conventionally-fueled buses and zero-emission bus technologies.

**Discussion:** A state sales tax exemption for zero-emission transit buses, as proposed by AB 784, would reduce the upfront capital cost of transitioning to zero-emission transit buses by an estimated \$30,000 - \$50,000 per bus, decreasing the burden on Bay Area transit agencies while supporting GHG reduction. As such, staff recommends a “support” position on AB 784.

**Recommendation:** Support

**Bill Positions:** **AB 784 (Mullin)**


**Support**

Alameda-Contra Costa Transit District  
BYD America  
California Electric Transportation Coalition  
California Manufacturers & Technology Association  
California Transit Association  
CALSTART  
ChargePoint  
Coalition for Clean Air

Electric Vehicle Charging Association  
Foothill Transit Executive Board  
Lion Electric Company  
Marin County Board of Supervisors  
Marin Transit Board of Directors  
Proterra  
San Mateo County Economic Development Association  
San Mateo County Transit District  
Silicon Valley Leadership Group  
Southern California Edison

**Oppose**  
None on file

**Attachments:** None

  
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