



Legislation Text

File #: 2022-524, Version: 1

Report to Mayor and City Council

Tuesday, June 21, 2022

Consent

SUBJECT:

CONSIDER TAKING A POSITION OF SUPPORT AND SENDING A CORRESPONDING LETTER REGARDING ASSEMBLY BILL 2622 TO EXTEND THE EXEMPTION OF STATE SALES TAX FOR ZERO-EMISSION TRANSIT BUSES UNTIL JANUARY 1, 2026 (CITY COUNCIL)

I. SUMMARY

This item transmits a request for City Council to consider taking a position of support and directing staff to send a corresponding letter (Exhibit No. 1) regarding Assembly Bill 2622. This bill was introduced in February 2022 by Assemblyman Kevin Mullin and is currently in the Senate as of May 27, 2022. If signed into law, this bill would extend the current partial Sales and Use Tax (SUT) Law exemption for specified zero-emission technology transit buses from the current sunset date of January 1, 2024, to January 1, 2026.

Specifically, this legislation would continue providing incentives for public agencies to purchase electric vehicle (EV) buses by exempting public agencies, including the City of Carson, from state sales and use taxes. Should the bill become law, it would continue to help agencies transition to a zero-emission fleet by reducing upfront costs and help their respective communities attain better air quality. The City of Carson has already benefitted from this sales tax exemption in the form of cost-savings related to previous EV bus purchases.

II. RECOMMENDATION

SUPPORT Assembly Bill 2622 and DIRECT staff to transmit a corresponding letter of support.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

In 2019, Governor Newsom signed into law Assembly Bill 784, which provides an exemption from state sales and use taxes for Zero-Emission Buses (ZEBs) purchased by California public agencies through January 1, 2024. The intent behind this bill was to further encourage agencies to purchase ZEBs over conventionally fueled buses, and to aid them in complying with the California Air Resource Board's (CARB) Innovative Clean Transit (ICT) regulation by reducing upfront costs. The ICT regulation requires public agencies to completely transition their bus fleets to zero-emission technologies by 2040.

Assembly Bill 2622 would extend the current sunset date through January 1, 2026, further encouraging purchases of ZEBs to address climate change and improve air quality, consistent with the ICT regulation. To qualify for the exemption, the transit bus must be eligible for the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP).

Launched by California Air Resources Board (CARB) in 2009, HVIP is the earliest program in the United States to demonstrate the effectiveness of first-come, first-served incentives that reduce the incremental cost of ZEBs.

V. FISCAL IMPACT

There is no fiscal impact related to this item. Should Assembly Bill 2622 become law, the City will continue to be exempt from paying state sales and use taxes for purchases of EV buses through January 1, 2026. The City is expected to save approximately \$20,000 per bus based on the current partial exemption from sales and use tax rate of 3.9375%.

VI. EXHIBITS

1. Letter of Support for Assembly Bill 2622 (pg. 3).

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