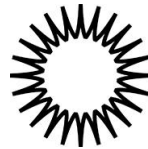




CALBIKE
CALIFORNIA BICYCLE COALITION



SPUR

April 27, 2023

The Honorable Toni Atkins
Senate President *Pro Tempore*

The Honorable Phil Ting
Assembly Budget Committee Chair

The Honorable Anthony Rendon
Speaker of the Assembly

The Honorable Maria Elena Durazo
Chair, Senate Budget Subcommittee 5

The Honorable Nancy Skinner
Senate Budget Committee Chair

The Honorable Steve Bennett
Chair, Assembly Budget Subcommittee 3

Re: Proposed 2023-24 Budget Request for the Electric Bicycle Incentive Project

Dear *Pro Tempore* Atkins, Speaker Rendon, Chair Skinner, Chair Ting, Chair Durazo, and Chair Bennett:

The undersigned organizations request your support to help the state transition to clean transportation in order to meet its ambitious climate goals. We are seeking an additional funding commitment of \$50M to the California Air Resources Board for its Electric Bicycle Incentive Project.

California has become a global leader in the transition towards an environmentally sustainable society, in large part due to its acceptance of electric vehicles as a mode of transportation. By 2035, the California Air Resources Board (CARB) has committed to ending the sale of gas-powered cars, trucks, and SUVs by providing at least \$2.4 billion in monetary incentives to increase the demand for electric vehicles¹. This strategy has proved successful, as California reached one million electric vehicles sold in 2021, preventing an estimated \$13 billion in cumulative health impacts and 395 million metric tons of pollution².

¹ California Air Resources Board (2022) California moves to accelerate to 100% new zero-emission vehicle sales by 2035. <https://ww2.arb.ca.gov/news/california-moves-accelerate-100-new-zero-emission-vehicle-sales-2035>

² Baker, D. (2022) California becomes first U.S. state to hit 1 million plug-in cars. *The Mercury News*. <https://www.mercurynews.com/2022/02/10/california-becomes-the-first-u-s-state-to-hit-1-million-plug-in-cars/>

One electric vehicle that is highly effective at reducing greenhouse gas emissions but is often overlooked is the electric bicycle. An electric bike is similar to a conventional bike in terms of function, but with the key difference of rechargeable batteries and a motor to assist the rider, alleviating their pedaling effort. These vehicles are more environmentally sustainable, cheaper, lighter-weight, and more convenient than both gas-powered and electric cars³. Other cities, states, and countries are currently leading the charge in electric bike promotion, providing incentives targeted at low-income residents and helping transition towards healthier, more walkable, bikeable, livable, and sustainable urban areas.

The effectiveness of the electric bicycle led the Legislature through the budget process to allocate funding for CARB to develop the Electric Bicycle Incentive Project (EBIP). Modeled after similar programs across the country, this program will award at-point-of-purchase vouchers to low-income Californians to reduce the costs of purchasing an electric bicycle. The size of the voucher will further increase if the applicant's income is below the 225% federal poverty limit or if they are purchasing a cargo or an adaptive bicycle⁴. This program ensures that these benefits only apply to those who need them the most and that the vouchers successfully incentivize the switch from driving to using electric bicycles, thus, reducing the amount of greenhouse gas and air pollutant emissions coming from the transportation sector.

While the pilot project has been allocated \$13 million in initial funding and is set to launch this year, we are concerned that it will not be nearly enough to address the resoundingly large interest in this program. As an example, the California Bicycle Coalition has been curating an e-bike incentive interest list that currently has over 16,000 members. Based on the \$7.5M currently available through the EBIP program after administration, education, and outreach costs, we estimate the total incentives available in the pilot program to be between 3,000 and 7,000 vouchers.

Given that the interest expressed for this program greatly outweighs the number of vouchers that will be given out, we believe that the funding for the program could run out just a few days after its launch. This effect is empirically verified in similar programs, such as how the Clean Mobility Options program became oversubscribed just 24 hours after launch⁵. It can also be seen in other e-bike incentive programs across the nation. For example, when Peninsula Clean Energy announced its first year of incentives, the program was completely subscribed to within four days and quickly became the most popular program they ever ran⁶. Similarly, Denver's program was so popular that it ran through 3 years of funding in 6 months and the demand even crashed their system⁷.

There is tremendous interest in the statewide program and it's very popular with constituents. When the program launches, incentives will probably be claimed very quickly and many people won't get the help they need to access this vital transportation option. The EBIP should continue as an annual program, with increased funding to serve more Californians and accelerate the transition towards clean transportation.

³ Lindsey, J. (2022) Why You Should Buy an E-bike Instead of an Electric Vehicle. *Outside*. <https://www.outsideonline.com/outdoor-gear/bikes-and-biking/why-you-should-buy-an-e-bike-instead-of-an-electric-vehicle/>

⁴ California Bicycle Coalition (2023) The status of the \$10M E-Bike Incentive Program. https://www.calbike.org/bike_purchase_incentives/

⁵ Curry, M. (2020) To Get People Using Clean Transportation, First Know What They Need. *StreetsBlog Cal*. <https://cal.streetsblog.org/2020/10/02/to-get-people-using-clean-transportation-first-know-what-they-need/>

⁶ McCamy, L. (2023) Local E-Bike Incentives Provide More Options for Californians. *California Bicycle Coalition*. <https://www.calbike.org/local-e-bike-incentives-for-california/>

⁷ Sallinger, M. and Campbell-Hicks, J. (2022) Denver's e-bike rebate system gets overwhelmed by high demand. *9News*. www.9news.com/article/life/style/colorado-guide/denver-e-bike-rebates/73-9a00bd7c-c5c7-4d63-a9eb-6aa86b3f0623

We understand that California is currently facing a severe budget deficit and that many programs are facing cuts. However, we believe that there are a number of funding sources that can be used to fund this program. The Electric Bicycle Incentive Project was initially awarded funding from the Clean Vehicle Rebate Project (CVRP). As the Legislative Analyst's Office is currently projecting increased revenue coming from the Greenhouse Gas Reduction Fund⁸, some of that extra funding can be reallocated to the EBIP under the CVRP program. The funding could also be allocated from the State Highway Account (SHA), similar to how the current budget proposes to shift funds from that account to backfill the cuts to the Active Transportation Program and the Climate Adaptation Program. This reallocation would help us reach our climate and air quality targets by allocating funding away from highway-expansion projects to a program whose focus is on reducing vehicle miles traveled (VMT) and promoting equity. Given that the State Highway Account annually receives about \$4.3B⁹, and our estimation that a \$50M annual funding level for the EBIP program would successfully serve California, this would represent a shift of one percent of the annual SHA funding to a program proven to replace VMT¹⁰ with low-carbon transportation.

We know that balancing California's budget is never easy. And while electric bicycle vouchers may seem at the bottom of the priority list for funding, we believe this program could have a large impact on Californians' quality of life if administered properly. This program would allow low-income families to go to work, pick up their children, and go grocery shopping without the high costs of gasoline, car insurance, or car maintenance. This program would reduce congestion on our roads by giving people an alternative to reaching their destination. This program would reduce air pollution in our cities and roads, allowing children to grow up healthily without smog in their lungs. By reducing VMT, this program would also reduce the volume of greenhouse gas entering our atmosphere, thus protecting Californians from the impacts of climate change. E-bikes are more affordable, more efficient, easier and cheaper to charge, and use far fewer resources to manufacture¹¹. For these reasons, we ask that the Legislature allocates \$50M to the California Air Resources Board for an additional 30-50 thousand vouchers for the Electric Bicycle Incentives Project.

Sincerely,

⁸ *Legislative Analyst's Office* (2023) Cap-And-Trade Spending Overview

<https://lao.ca.gov/handouts/resources/2023/Cap-and-Trade-033023.pdf>

⁹ *California Department of Transportation* (2022) 2022 SHOPP State Highway Operation and Protection Program Fiscal Years 2022-2023 through 2025-2026

<https://catc.ca.gov/-/media/ctc-media/documents/programs/shopp/2022-shopp-document-final-epost-20220329.pdf>

¹⁰ Zipper, David. (2022) It's Time to Treat E-Bikes Like Vehicles. *Bloomberg CityLab*.

<https://www.bloomberg.com/news/articles/2022-03-15/the-electric-vehicles-we-need-now-are-e-bikes>

¹¹ E-Bike 1000 MPG Project. Environmental & Human Rights Costs of Batteries.

<https://sites.google.com/view/ebikestudy/battery> "[E]-bikes get 30 to 100 times more miles per pound of battery than electric cars."

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