

December 8, 2025

Ms. Lisa Macumber
Ms. Mikayla Elder
Ms. Graciela Garcia

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Auto Innovators' Comments on the Drive Forward Incentives Workshop

Dear Ms. Macumber, Ms. Elder, and Ms. Garcia

Thank you for hosting the Drive Forward Incentives Workshop and for providing an opportunity to comment on the California Air Resources Board's (CARB) presentation.

The Alliance for Automotive Innovation (Auto Innovators) represents the full auto industry value chain, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to ensure a healthy and competitive auto industry that supports U.S. economic and national security. Representing over 5 percent of the country's GDP, responsible for supporting nearly 11 million jobs, and driving \$1.5 trillion in annual economic activity, the automotive industry is the nation's largest manufacturing sector¹.

I. We support investments in ZEV equity programs, such as Clean Cars 4 All and Clean Mobility Options.

Stakeholders at the workshop stated the importance of making ZEVs accessible to all Californians; we strongly agree. Clean Cars 4 All and Clean Mobility Options have historically been extremely successful helping low-income households access the ZEV transition. Auto Innovators support continued funding for these programs.

II. We encourage CARB to also develop a broadly accessible mass market incentive program for new and used ZEVs.

Financial incentives still motivate Californian households to buy EVs. Whether due to concerns about vehicle cost, perceptions about the availability and reliability of infrastructure, or lack of familiarity with the technology, many Californians need encouragement to consider a ZEV. Financial incentives serve as a critical cue to consumers to that end; inversely, when these incentives are no longer available, the market responds negatively. As evidenced by the 30D tax credit's expiration earlier this year, nationwide new and used EV sales decreased in October to 74,835 and 31,610 units respectively², which is the lowest number of monthly new EV sales and second lowest number of monthly used EV sales so far this year.

¹ Alliance for Automotive Innovation. (n.d.). *Resources and insights*. <https://www.autosinnovate.org/resources/insights>

² Valdez Sreaty, S. (2025, November 17). *EV Market Monitor – October 2025*. Cox Automotive Inc. <https://www.coxautoinc.com/insights-hub/ev-market-monitor-october-2025/>

The loss of the tax credit has created an affordability gap while average EV prices remain higher than internal combustion engine (ICE) vehicles. According to Cox Automotive, the average transaction price (ATP) of a new EV was \$59,125 in October, approximately \$9,300 higher than the ATP for an internal combustion engine (ICE) vehicle³. For a used EV, the October ATP was \$37,538, approximately \$3,500 more than a used ICE vehicle⁴. And yet, as of 2023, the median household income in California was approximately \$96,000⁵. Furthermore, approximately 43 percent of the state's households earn \$75,000 or less a year⁶.

This comes at a time when cost is very much on the minds of EV shoppers. Plug In America's 2024 Annual Driver Survey indicates that 51.9 percent of respondents were concerned about the price of an EV at the time of purchase or lease⁷; in 2025, that number decreased to 31 percent⁸. While this is a positive development in consumer trends, 31 percent is still substantial. 63.2 percent of the 2025 survey respondents also used the federal EV tax credit.

Incentives are proven to address these concerns. UC Davis Research shows that financial incentives increase EV adoption 5 percent⁹ per thousand dollars of incentive offered while MIT shows 8 percent¹⁰. Continued financial support can buoy consumer interest in EVs by mitigating their concerns with cost.

A mass market new and used ZEV incentive program cannot and should not be expected to backfill the 30D tax credit dollar for dollar. Given limitations with state funding, the incentive level will need to be lower, and a program could operate on a time-limited basis to stabilize the market and consumer interest in the near-term while the industry continues to release new vehicle models and bring down prices. Beyond this, we also encourage CARB to consider other creative incentives, such as reduced toll fees.

Even though potential funding is limited, the state does not have to choose between ZEV equity programs and a more broadly accessible incentive. If the state intends to include all Californians in this transition, then we urge CARB to look beyond its equity programs to support consumers across the EV market.

We look forward to an ongoing dialogue with CARB staff on how a new and used ZEV incentive program could work in practice. If you have any further questions, please contact me at cbullis@autosinnovate.org.

Respectfully submitted,

³ *Id.*

⁴ *Id.*

⁵ U.S. Census Bureau. (2023). *Median Household Income (In 2023 Inflation-Adjusted Dollars) for California: Table S1903, 2019–2023 American Community Survey 5-Year Estimates*. United States Department of Commerce. Retrieved from <https://data.census.gov/cedsci/>

⁶ U.S. Census Bureau. (2024). *Household income in the past 12 months (in 2024 inflation-adjusted dollars): Table S1901, 2024 American Community Survey 1-Year Estimates*. United States Department of Commerce. Retrieved from <https://data.census.gov/cedsci/>

⁷ Plug In America. (2025). *EV Driver Survey*. Retrieved from <https://pluginamerica.org/wp-content/uploads/2025/06/2025-EV-Driver-Annual-Survey-Report-1.pdf>. Page 18.

⁸ *Id.*

⁹ Chakraborty, A. (2023). *The role of financial incentives in promoting electric vehicle adoption among lower-income households in California* [Master's thesis, University of California, Davis]. eScholarship.org. <https://escholarship.org/uc/item/5jd791kv>

¹⁰ Clinton, B. C., & Steinberg, D. C. (2019). *Providing the spark: Impact of financial incentives on battery electric vehicle adoption* (Working Paper No. CEEPR WP 2019-015). MIT Center for Energy and Environmental Policy Research, Massachusetts Institute of Technology.

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