

Clean-car Subsidies Zooming Down the Road

By Steven Greenhut, staff writer

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Sacramento — Hold the presses. Did you know that low-income Californians tend to drive older, less-efficient cars that pollute more than newer cars, and that these folks “struggle to cover the costs of their basic transportation needs”? Did you know that poorer people’s budgets (and the air) could improve if they were provided help to buy newer, efficient cars?

Those are conclusions from a report, “No Californian Left Behind,” published last week by a think tank called Next Generation. This might be the type of thing one expects from a San Francisco-based group that focuses on climate change, but its research provides fodder for an idea already floated by California air-quality officials.

Californians know about rent vouchers, foods stamps and discounted utility programs for the poor, but we’re now in the fast lane to providing them with highly subsidized, late-model cars, also.

In late November, this column first reported on a controversial California Air Resources Board staff report analyzing the state’s Enhanced Fleet Modernization Program — a program authorized by the Legislature in 2007 to provide financial incentives to people to junk their old, polluting cars. It’s a small-scale version of the Cash for Clunkers program, funded by a \$1 vehicle-registration surcharge that will last at least until 2024.

The agency’s analysis discovered that the current \$1,000 payment to retire an old vehicle is popular with car buyers but that a pilot program that offers up to \$4,000 for people to buy newer cars isn’t often used because its rules are so complex. So CARB tossed out some new ways to make it easier for people to take advantage of the bigger grants.

The expanded program is possible after the governor signed a law (SB 459) that upped the ante — determining that “transportation justice” is best served by offering vouchers “at no less than \$2,500” that help more poor people buy the kind of late-model vehicles that help clean up the air.

In one financial model developed by the agency, the state would pay the full cost of a new all-electric car such as the Nissan Leaf for a two-person household that earns \$34,000 a year. The agency, which is holding workshops this week, just released its latest white paper, which called for “additional tiered incentives ... with minimum incentives shown in the table below.” That table pointed to a total incentive package of \$7,000 for a plug-in hybrid for those who meet the means test.

Now, we’re at the next step as the agency’s rewrite of the modernization program’s rules is at hand. Next Generation wants to make the program accessible to more people given that a small percentage of older cars result in a large percentage of the state’s pollution problem. It also calls for “more aggressive vehicle efficiency baselines for replacement vehicles” — meaning CARB should require that car buyers only use their vouchers to buy cars that get at least 28 miles per gallon.

The Legislature pumped more money into the account that will fund the vouchers, but it’s hard to imagine that the state will ever have enough money to provide enough newer electric cars to every lower-income Californian who wants one.

It’s not exactly news that poorer people can’t usually buy the latest in new-car technology. The real question is whether the government should be there to plug any and all disparities. It’s worth asking, also, whether the kind of tax and regulatory burden needed to achieve these goals suppresses job creation and entrepreneurship, which are the best avenues out of poverty. But

advocates for these automotive subsidy programs instead focus on obvious inequalities. They do have a point, however, that state subsidies often go to the wrong places (think wealthy buyers of electric Teslas).

To its credit, the report revealed that the state's efforts to clean the air by focusing on public transportation has fallen far short of the mark: "Even in the Bay Area, home to one of the best multimodal transportation systems in the U.S., only 16 percent of commuters take public transportation to work" It reminds us that most Californians, rich or poor, depend on their cars.

California officials need to recognize that the wealthier people become, the better able they are to afford cleaner cars. Programs such as these might help a few people, but they are a diversion from the real problem.