

# Clean Transportation Powers California's Health & Economy

**California's clean transportation policies are delivering results now – cleaner air, more jobs, and real savings at the pump, while attracting private investment. In an increasingly volatile federal landscape, the transportation budget is the Legislature's most powerful tool to protect these gains.**

## Traffic pollution is a public health crisis

Transportation is the [leading source](#) of smog and climate pollution in the California and U.S. Diesel and gasoline exhaust can harm lung development, worsen asthma and heart disease, increase missed school days, and raise health care costs – especially in communities near highways, ports, railyards, and busy truck routes. Climate change is increasing the frequency and severity of heat waves, droughts, and wildfires that affect Californians.

California's leadership has improved air quality while making the state a national hub for clean vehicle innovation. Amid weakened federal protections, continued progress depends on stable, targeted state investment.

## Clean vehicles deliver immediate health gains

Clean, electric vehicles (EVs) eliminate tailpipe pollution, [directly reducing](#) smog and soot that harm Californians' health. Well-designed incentives accelerate the replacement of the oldest, dirtiest vehicles on the road, translating policy into real-world outcomes: fewer asthma attacks, hospitalizations, and premature deaths.

Diesel trucks are a major source of smog and soot pollution and replacing them faster delivers outsized health benefits for communities near ports, warehouses, and major truck routes where exposure is highest. Reducing tailpipe pollution from heavy-duty vehicles could yield [up to \\$5.6 billion](#) in health and environmental benefits in California alone.

## Clean vehicles save Californians money

EVs cost less to fuel and maintain than gasoline and diesel vehicles, saving passenger vehicle owners up to an [estimated \\$1,500](#) over a vehicle's lifetime – with savings set to grow as battery prices fall and production scales. For heavy-duty trucks, operating savings often exceed tens of thousands of dollars over the life of the vehicle.

## What California can and should do now

EDF applauds the Governor's proposed \$200 million light-duty vehicle incentive and calls on the Legislature to commit at least \$1.5 billion to fund the full spectrum of clean vehicles and infrastructure. We also strongly support the California Energy Commission's plan to direct nearly \$365 million to clean vehicle infrastructure under its Clean Transportation Program. EDF recommends:

- **Enacting the Governor's proposed light-duty EV incentive** with at least \$200 million in funding.
- **Funding at least \$1.5 billion in total EV investments**, spanning light-duty, heavy-duty, off-road and charging infrastructure – consistent with the California Air Resources Board-identified needs.
- **Committing to stable, multi-year funding** (2026-2029) to provide market certainty for Californian businesses and consumers amid federal volatility.
- **Directing public dollars** to companies aligned with California's clean transportation goals.
- **Advancing equity** by expanding access for low-income households and prioritizing heavy-duty investments for over-burdened communities.

## Clean transportation strengthens the economy

California's clean transportation leadership attracts private investment and supports good-paying jobs statewide.

[Nearly \\$12 billion](#) has flowed into vehicle manufacturing, batteries, and charging infrastructure, supporting jobs across construction, utilities, manufacturing, and technology. Stable, multi-year incentive funding is essential to support these growing industries. Market certainty enables businesses to invest, build, and hire in the state rather than shifting capital elsewhere.

## Clean vehicles power an affordable, reliable grid

EV savings extend beyond drivers and can lower electricity rates for all customers by spreading grid costs across more users and improving system efficiency. Analysis shows, by 2045, managed and bidirectional charging could deliver over [\\$10 billion per year](#) in savings for the California grid in by reducing peak demand and avoiding costly grid upgrades. When utilities integrate EVs through managed charging and vehicle-to-grid technologies, EVs can also function as a distributed network of batteries that strengthens grid reliability and provides backup power to homes and businesses during emergencies.

## Light-duty vehicles offer choice and affordability

California's light-duty EV market is strong, but continued investment ensures benefits reach all Californians. State programs help low- and moderate-income households replace older, high-polluting vehicles and access long-term fuel and maintenance savings. Programs like [Clean Cars 4 All](#) put money back in people's pockets while delivering immediate air-quality improvements in the communities that need them most.

## Heavy-duty vehicles cut costs, protect people

The heavy-duty zero-emission market still requires targeted support. Well-designed incentives reduce diesel pollution near ports and major truck routes, deliver significant fuel and maintenance savings for fleets, and preserve progress envisioned by California's clean truck standards.

***"State investment in clean vehicles is one of the most effective ways to cut costs for families while reducing pollution."** – Katelyn Roedner Sutter, California State Director, EDF*

## Incentives are more important than ever

Federal actions – including attacks on California's clean vehicle authority, rollbacks of national standards, and the loss of key tax credits – have injected significant market uncertainty. State incentives remain one of the Legislature's most durable tools, fully within its control, to protect public health, preserve affordability, and sustain momentum across both light- and heavy-duty markets amid federal disruption.

EV costs continue to fall rapidly, and passenger EVs are rapidly approaching upfront price parity with their gasoline counterparts. Until then, targeted public investment must play a temporary but decisive role. These dollars do not represent a permanent commitment; they accelerate scale now, lock in long-term affordability, and secure a clean transportation future.

## California investments already deliver results

- [Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project](#) (HVIP): Replaces diesel trucks with zero-emission alternatives, cutting pollution in communities near ports and freight routes while saving fleets money on fuel and maintenance, with demand consistently exceeding available funding.
- [Port and Drayage Truck Electrification](#): Reduces diesel pollution in overburdened port communities while modernizing California's goods-movement system and supporting economic competitiveness.
- [Clean Cars 4 All](#) (CC4A): Accelerates EV adoption by reducing upfront costs for low-income households, helping drive California past 2 million zero-emission vehicles on the road years ahead of schedule.
- [Funding Agricultural Replacement Measures for Emission Reductions](#) (FARMER): Helps farmers replace diesel-powered equipment with cleaner alternatives, reducing air pollution in rural communities and fuel costs for agricultural operations.

## Charging is the critical backbone

Infrastructure remains a key barrier to clean vehicle adoption. California must accelerate deployment of charging infrastructure; prioritize ports, warehouses, and major bus routes; and improve coordination on utility planning and energization timelines. Strategic infrastructure investment can strengthen grid reliability and lower long-term energy system costs.

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