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**AB-674 Clean Cars 4 All Program.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 674**

Introduced by Assembly Member Connolly  
(Coauthor: Assembly Member Schiavo)

February 14, 2025

~~An act to amend Section 17000 of the Health and Safety Code, relating to housing.~~ *An act to amend Sections 44124.5, 44125.5, and 44127 of, and to add Section 44128 to, the Health and Safety Code, relating to air pollution.*

**LEGISLATIVE COUNSEL'S DIGEST**

AB 674, as amended, Connolly. ~~Employee Housing Act.~~ *Clean Cars 4 All Program.*

*Existing law establishes the Clean Cars 4 All Program, which is administered by the State Air Resources Board, to focus on achieving reductions in the emissions of greenhouse gases, improvements in air quality, and benefits to low-income state residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or a mobility option. Existing law requires the implementing regulations to ensure that the program complies with certain requirements.*

*This bill would require the implementing regulations for the Clean Cars 4 All Program to additionally ensure that, among other things, incentives provided under the program are available in all areas of the state and that, in those areas where a local air district has not elected to participate in the program to manage the distribution of incentives within its jurisdiction, the state board manages the distribution of incentives to eligible residents of those areas, as specified. The bill would make certain conforming changes in that regard. The bill would require, as one of the program goals for replacement of passenger vehicles and trucks, the state board to prioritize vehicle retirement in areas of the state that meet specified criteria. The bill would also require the state board to update the guidelines for the program no later than July 1, 2027, as specified.*

*Existing law requires the state board to annually post on its internet website a performance analysis of the replacement and mobility options component of the Clean Cars 4 All Program that includes an evaluation of the funding for targeted outreach in low-income or disadvantaged communities, as specified.*

*This bill would require that analysis to additionally include an evaluation of the funding for targeted outreach in low-income or disadvantaged communities with the highest number of vehicles manufactured before 2004 or that are at least 20 years old, as specified.*

*Existing law requires the state board to consider certain metrics in allocating funding under the program to local air districts participating in the program, and to the statewide program, including the number of vouchers deployed and the population in eligible program ZIP Codes.*

*This bill would require the state board, in allocating funding to local air districts participating in the program and to the portion of the program managed by the state board, to consider additional metrics, including the total value of vouchers deployed and a specified metric for retired vehicles, and would delete the requirement to consider the population in eligible ZIP Codes.*

*The bill would also require the state board, in coordination with local air districts and specified organizations, to establish a means-based strategy to identify potential recipients of incentives under the Clean Cars 4 All Program that meet certain criteria and, as part of that strategy, require an increased incentive to be provided under the program to those individuals.*

~~*The Employee Housing Act, among other things, requires that buildings used for human habitation, and buildings accessory thereto, comply with the building standards in the California Building Standards Code relating to employee housing, as defined.*~~

~~*This bill would make a nonsubstantive change to the provision naming that act.*~~

Vote: majority Appropriation: no Fiscal Committee: ~~no~~yes Local Program: no

## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** (a) *The Legislature finds and declares all of the following:*

*(1) Two-thirds of the most polluted counties in the nation, by year-round particulate pollution, are in California.*

*(2) In California, the transportation sector accounts for 50 percent of the state's greenhouse gas emissions and nearly 80 percent of the nitrogen oxides pollution. Air pollution from on-road transportation, particularly from older vehicles, is inequitably distributed across California, exposing Black and Latino communities to disproportionately higher levels of particulate matter that can cause lung disease, cardiovascular disease, and cancer.*

*(3) Although pre-2004 vehicles make up only 19 percent of the vehicles on California roads, they are responsible for 73 percent of all nitrogen oxides exhaust from passenger vehicles and 64 percent of reactive organic gases.*

*(4) To rapidly transition into cleaner transportation, in 2019 the Legislature created a program, which previously only existed in the South Coast Air Quality Management District and the San Joaquin Valley Unified Air Pollution Control District. The Clean Cars 4 All Program was established to provide incentives to vehicle owners to voluntarily retire gross polluting vehicles and achieve emissions reductions in nonattainment areas.*

*(5) In addition to providing incentives, California is implementing a Zero Emission Vehicle (ZEV) Market Development Strategy to ensure 100 percent of in-state new passenger car and truck sales will be zero-emission by 2035.*

*(6) A core component of the ZEV Market Development Strategy is ensuring equity in every decision so that communities suffering most from a combination of economic, health, and environmental burdens are actively prioritized and directly benefit from public investment through increased zero-emission mobility options and cleaner air.*

*(b) It is the intent of the Legislature that the transition into zero-emission transportation occur in an equitable manner to be achieved by offering the most vulnerable populations access to clean transportation incentives and ensuring that those incentives are continuously available to communities most burdened with air pollutants so limited public investments have the greatest impact.*

*(c) It is further the intent of the Legislature to reduce vehicle emissions in the fastest, most efficient, and equitable manner.*

### **SEC. 2.** *Section 44124.5 of the Health and Safety Code is amended to read:*

**44124.5.** (a) The Clean Cars 4 All Program is hereby established and is to be administered by the state board to focus on achieving reductions in the emissions of greenhouse gases, improvements in air quality, and benefits to low-income state residents through the replacement of high-polluter motor vehicles with cleaner and more efficient motor vehicles or a mobility option.

(b) Beginning in the 2018–19 fiscal year, and every fiscal year thereafter, the state board shall set specific, measurable goals for the replacement of passenger vehicles and light- and medium-duty trucks that are high polluters. *As one of these goals, the state*

*board shall prioritize vehicle retirement in areas of the state that have the highest percentage of people residing in disadvantaged and low-income communities and the highest number of vehicles manufactured prior to 2004 or that are at least 20 years old.*

(c) The state board shall take steps to meet the goals set forth pursuant to subdivision (b). The steps shall include, but need not be limited to, updating the guidelines for Clean Cars 4 All no later than ~~January~~ July 1, ~~2019~~ 2027.

(d) The regulation implementing this section shall ensure all of the following:

(1) Where applicable, there is improved coordination, integration, and ~~partnerships~~ *partnership* with other programs that target disadvantaged communities and receive moneys from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(2) The state board ~~shall coordinate~~ *coordinates* with districts and local nonprofit and community organizations, prioritizing those organizations that have a strong and ongoing local presence in areas within the district, to identify barriers to accessing Clean Cars 4 All and to develop outreach protocols and metrics to assess the success of outreach across the districts.

(3) The replacement or a mobility option is consistent with paragraph (6) of subdivision (d) of Section 44125.

(4) Provisions enhance the prescreening of applicants to Clean Cars 4 All, if determined by the state board to be appropriate.

(5) By January 1, 2025, all hybrid vehicles purchased using an incentive are capable of plug-in charging.

*(6) The incentives provided under the Clean Cars 4 All Program are available in all areas of the state. In those areas where a district has not elected to participate in the Clean Cars 4 All Program to manage the distribution of incentives within its jurisdiction, the state board shall manage the distribution of incentives under the Clean Cars 4 All Program to eligible residents of those areas in accordance with the requirements of the Clean Cars 4 All Program. The state board shall not manage the distribution of incentives in the jurisdiction of a district if the district has elected to participate in the program to distribute incentives within its jurisdiction.*

*(7) The application process and procedures for delivering available funding for the Clean Cars 4 All Program include performance metrics specified in Sections 44125.5 and 44127 for evaluating funding delivery and program administration and implementation.*

*(8) The state board establishes triggers and procedures for reallocating funds from portions of the Clean Cars 4 All Program managed by districts or by the state board that have a surplus of funds to other portions of the Clean Cars 4 All Program managed by other districts or the state board that have exhausted program funding and have demonstrated a need.*

*(9) The state board tracks and reports all Clean Cars 4 All Program data at the census tract level to support eligibility criteria that offers increased incentives for residents of disadvantaged communities.*

(e) The state board shall ensure that incentives awarded under the Clean Cars 4 All Program are awarded in accordance with Section 44258.7.

**SEC. 3.** *Section 44125.5 of the Health and Safety Code is amended to read:*

**44125.5.** Beginning no later than July 1, 2019, and every year thereafter, the state board, for both the program and Clean Cars 4 All, shall collect and post on its internet website all of the following:

(a) The performance of both programs relative to the goals set pursuant to subdivision (b) of Section 44124.5 and subdivision (b) of Section 44125.

(b) An accounting that includes, but need not be limited to, moneys allocated to the program and Clean Cars 4 All and the expenditures of the program and Clean Cars 4 All by region. *For the accounting applicable to the Clean Cars 4 All Program, the accounting shall separately display the portions of the program managed by each participating district and by the state board and shall include projections of available funds for each portion of the program.*

(c) A performance analysis broken down by district of the replacement and mobility options component of the program and Clean Cars 4 All to identify areas to be emphasized when setting future goals or updating the guidelines for the program and Clean Cars 4 All. The analysis shall include all of the following:

(1) Whether a ~~district~~ *district, or the state board, as applicable*, implementing the replacement and mobility options component of the program or Clean Cars 4 All has a backlog or a waiting list for applicants and recommendations from the district or state board on how to eliminate the backlog or waiting list.

(2) An evaluation of the funding for targeted outreach in low-income or disadvantaged communities, including whether the funding should be enhanced or modified to reach the goals set pursuant to subdivision (b) of Section ~~44124.5 and subdivision~~

~~(b) of Section~~ 44125.

*(3) An evaluation of the funding for targeted outreach in low-income or disadvantaged communities with the highest number of vehicles manufactured before 2004 or that are at least 20 years old, including whether the funding should be enhanced or modified to reach the goals set pursuant to subdivision (b) of Section 44124.5.*

~~(3)~~

~~(4)~~ How incentive levels and eligibility criteria can be modified to maximize both participation and emissions reductions.

~~(4)~~

(5) (A) An assessment identifying populations that are eligible for, but underserved by Clean Cars 4 All. In identifying underserved populations pursuant to this paragraph, the assessment shall, at a minimum, evaluate the participation of households in census tracts shown to be the most impacted in each region, households making less than 225 percent of the federal poverty level, and households that are primarily non-English speaking.

(B) The assessment shall identify barriers preventing the underserved populations identified pursuant to subparagraph (A) from participating in Clean Cars 4 All and propose strategies to overcome those barriers.

**SEC. 4.** *Section 44127 of the Health and Safety Code is amended to read:*

**44127.** (a) Upon appropriation by the Legislature, the state board may allocate moneys for the expansion of the replacement component or mobility option component of the program or Clean Cars 4 All from any of the following:

(1) The Enhanced Fleet Modernization Subaccount, created pursuant to Section 44126.

(2) The High Polluter Repair or Removal Account, created pursuant to Section 44091.

(3) The Vehicle Inspection and Repair Fund, created pursuant to Section 9886 of the Business and Professions Code.

(b) Upon appropriation by the Legislature, the state board may allocate moneys consistent with law for Clean Cars 4 All from the Greenhouse Gas Reduction Fund, created pursuant to Section 16428.8 of the Government Code.

(c) Of the funds made available in Items 3900-101-0001 and 3900-101-3228 of the Budget Act of 2023 (Sections 110 and 111 of Chapter 38 of the Statutes of 2023) to the state board and that the state board allocated to Clean Cars 4 All, the state board shall maintain funding for each district participating in Clean Cars 4 All, such that if a district has insufficient funds to meet processed demand, the state board shall reallocate moneys to that district to ensure operation is minimally impacted for district Clean Cars 4 All programs.

(d) (1) In allocating funding under Clean Cars 4 All to districts participating in the program, and to the statewide program, the state board shall consider, at a minimum, all of the following metrics:

(A) ~~Number~~ *The number and total value* of vouchers deployed.

(B) Proportion of applications that have been started and resulted in completed replacement transactions or mobility vouchers.

(C) Demand for vouchers.

(D) Proportional investment to underserved populations identified pursuant to paragraph ~~(4)~~ (5) of subdivision (c) of Section 44125.5.

(E) ~~Population in eligible Clean Cars 4 All Zip Codes.~~ *For retired vehicles, the metric of older model year.*

(2) Beginning January 1, 2023, and every year thereafter, the state board shall publish, as part of its funding plan, a report identifying how each criterion was used to allocate funding to districts and to the statewide program.

(e) (1) Up to 10 percent of the moneys allocated by the state board *to districts* for Clean Cars 4 All may be used for outreach programs in accordance with both of the following requirements:

(A) Before a district allocates more than 5 percent of the moneys received from the state board for Clean Cars 4 All in a fiscal year for outreach, the district shall submit a description to the state board of the outreach efforts that will be funded with any money above 5 percent of the moneys allocated by the state board and a justification of how the additional funding for outreach will support deployment of Clean Cars 4 All to households in census tracts shown to be the most impacted in each region, households making less than 225 percent of the federal poverty level, households that are primarily non-

English speaking, and other underserved populations identified pursuant to paragraph ~~(4)~~ (5) of subdivision (c) of Section 44125.5.

(B) A district that allocates more than 5 percent of the moneys received from the state board for Clean Cars 4 All in a fiscal year for outreach shall submit a report to the state board on the outcome of this expenditure, including a description of outreach efforts that were funded or augmented with any money above 5 percent of the moneys allocated by the state board for Clean Cars 4 All and how that funding supported deployment of Clean Cars 4 All to households in census tracts shown to be the most impacted in each region, households making less than 225 percent of the federal poverty level, households that are primarily non-English speaking, and other underserved populations identified pursuant to paragraph ~~(4)~~ (5) of subdivision (c) of Section 44125.5.

(2) Documents and information submitted by a district to the state board pursuant to this subdivision shall be for informational purposes only.

*(f) (1) Except as provided in paragraph (2), in areas of the state where the state board manages the distribution of incentives, the state board may use up to 5 percent of the moneys available for distribution in those areas in a fiscal year for the purpose of outreach in those areas.*

*(2) The state board may use more than 5 percent, but no more than 10 percent, of the moneys available for distribution described in paragraph (1) for the purposes described in paragraph (1) if the state board finds that the allocation would further the purposes set forth in subparagraphs (A) and (B) of paragraph (1) of subdivision (e).*

~~(f)~~

*(g) (1) Notwithstanding Section 10231.5 of the Government Code, the state board shall report annually to the budget committees of both houses of the Legislature the amount of funding allocated by the state board to the statewide Clean Cars 4 All program and to each district Clean Cars 4 All program and detailed performance metrics consistent with the requirements of subdivision (d) for the statewide and district Clean Cars 4 All programs, including the number and dollar amount of grants awarded by each district program and by the statewide program and regionally specific information for grant awards made by the administrator under the statewide program.*

(2) Notwithstanding Section 9795 of the Government Code, a report prepared pursuant to paragraph (1) shall be submitted as an electronic copy to the committees described in paragraph (1) and posted on the state board's internet website.

**SEC. 5.** *Section 44128 is added to the Health and Safety Code, to read:*

**44128.** *(a) The state board shall establish a means-based strategy to identify potential recipients of incentives under the Clean Cars 4 All Program who meet all of the following criteria:*

*(1) A person living in the top decile of disadvantaged communities.*

*(2) A person owning a vehicle manufactured before 2004 or a vehicle that is at least 20 years old.*

*(3) A person from an underserved population identified pursuant to paragraph (5) of subdivision (c) of Section 44125.5.*

*(b) As part of the means-based strategy, the state board shall require an increased incentive to be provided under the Clean Cars 4 All Program to individuals who meet all of the criteria set forth in subdivision (a) as compared to individuals who otherwise qualify for the Clean Cars 4 All Program but do not meet all of the criteria set forth in subdivision (a).*

*(c) In establishing the means-based strategy pursuant to subdivisions (a) and (b), the state board shall coordinate with districts and local nonprofit and community organizations that have a strong and ongoing local presence in areas within a particular district.*

*(d) A participating district, and the state board with respect to the areas where it manages the distribution of incentives, shall implement the means-based strategy and shall provide increased incentives in accordance with this section.*

~~SECTION 1. Section 17000 of the Health and Safety Code is amended to read:~~

~~17000. This part shall be known, and may be cited, as the Employee Housing Act.~~