



AB 2766 Motor Vehicle Emission Reduction Grant Programs Guidelines

For Fiscal Year:

July 1, 2026 to June 30, 2027

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TABLE OF CONTENTS

2026-2027 AB 2766 Motor Vehicle Emission Reduction Grant Programs Guidelines

- I. INTRODUCTION..... 1
- II. GRANT APPLICATION TIMELINE FOR CAMP AND CVP 1
- III. ELIGIBILITY..... 2
- IV. EVALUATING & RANKING GRANT APPLICATIONS..... 3
- V. PROJECT SELECTION AND GRANT AWARD 4
- VI. RESPONSIBILITIES OF GRANTEES 5
- VII. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES 6
- VIII. APPLICATION AND INSTRUCTIONS..... 6

I. INTRODUCTION

In 1990, Assembly Bill 2766 (AB 2766) was passed to provide a revenue stream for programs that reduce air pollution from motor vehicles and for various functions to implement the California Clean Air Act. Since 1990, additional bills have been passed that expanded the scope and success of AB 2766. These state statutes make up California Health and Safety Code (H&SC) §§44220 – 44244.1. The code authorizes the Department of Motor Vehicles (DMV) to collect a motor vehicle registration fee surcharge of \$4.00 for each vehicle registered within the boundaries of the Monterey Bay Air Resources District (MBARD). The code requires AB 2766 revenues distributed to MBARD “...be used solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies...” (H&SC §44220(b)).

California Air Resources Board (CARB) guidance for the AB 2766 grant program directs MBARD to select projects that directly reduce motor vehicle emissions. Since MBARD initiated the AB 2766 grant program 36 years ago, the MBARD Board of Directors has authorized millions of dollars to hundreds of various projects in Monterey, San Benito, and Santa Cruz counties. The following are current AB 2766 motor vehicle emissions reduction programs:

- 1) **Clean Air Management Program (CAMP)** – Eligible projects include bicycle infrastructure, vehicle charging infrastructure, and other projects that reduce on-road vehicle miles traveled. Travel activity data must be available to calculate expected reductions in motor vehicle emissions.
- 2) **Clean Vehicle Incentive Program (CVP)** – Incentivizes public agencies and non-profit fleet owners/operators to replace medium- and heavy-duty internal combustion engine vehicles with zero-emission, battery-electric vehicles.
- 3) **Electric Vehicle Incentive Program (EVIP)** – Incentivizes residents within Monterey, San Benito, and Santa Cruz counties to purchase or lease a new or used light-duty plug-in hybrid, battery-electric, or hydrogen fuel cell vehicle or motorcycle. It also incentivizes public agencies and non-profit organizations within Monterey, San Benito, and Santa Cruz counties to purchase new battery-electric vehicles.

II. GRANT APPLICATION TIMELINE FOR CAMP AND CVP

| <u>Task</u> | <u>Due Date</u> |
|--|---------------------------|
| Staff posts announcement and application to MBARD website | April 30, 2026 |
| All applications due no later than 5:00 pm | August 1, 2026 |
| Staff completes scoring and ranking of eligible applications List of projects posted on MBARD website | September 30, 2026 |
| Award recommendations presented and announced | October 14, 2026 |

III. ELIGIBILITY

General Project Requirements:

- 1) Projects must comply with all terms and conditions in the FY 2026-2027 guidelines.
- 2) Projects must reduce or enable the reduction of motor vehicle ozone precursor pollutants and particulate matter (10 microns in diameter or less).
- 3) Projects must be implemented within Monterey, San Benito, and/or Santa Cruz counties.
- 4) Projects must meet all application eligibility criteria and qualify in one of the following categories:
 - a) **Clean Air Management Program (CAMP)** – Available for public agencies only. Local agencies will be prioritized over State agencies. Projects in this category are scored on the calculated emissions reduced. A quantifiable cost-effectiveness (C/E) score for these projects may be used to rank projects. C/E is expressed in dollars per unit of weight of pollutant reduced. Maximum project funding will be **\$200,000**.
 - b) **Clean Vehicles Program (CVP)** – Available for public agencies only. Local agencies will be prioritized over State agencies. Recipients must replace a Medium or Heavy-Duty Fleet vehicle with a battery electric vehicle. Other grant funds outside of the AB 2766 program may be leveraged to offset project costs. A quantifiable cost-effectiveness (C/E) score for these projects may be used to rank projects. C/E is expressed in dollars per unit of weight of pollutant reduced. The maximum project funding will be **\$200,000**.
 - c) **Electric Vehicle Incentive Program (EVIP)** – Available for residents, public agencies, and non-profits only. Incentives are available to purchase or lease new light-duty hydrogen fuel cell, battery-electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV), and fully electric motorcycles. Funding for used BEVs and PHEVs will also be available. An existing applicant-owned vehicle does not need to be replaced. The program will run within the fiscal year and on a first come/first-served basis until funds are exhausted. Applicants must purchase or lease an eligible vehicle (including motorcycles) per the New Vehicle Eligibility List for Purchase Incentive Programs or the Eligible Carpool Sticker List. Vehicles purchased within the calendar year prior to the start date of the grant cycle are not eligible. *(For residents, the sale price [that excludes taxes, fees, warranties, and accessories] of a new or used vehicle purchase or lease must not exceed \$60,000).*
 - Link: New Vehicle Eligibility List for Purchase Incentive Programs | California Air Resources Board (Link Text: <https://ww2.arb.ca.gov/ZEV-eligibility-list>).
 - Link: Eligible Carpool Sticker List | California Air Resources Board (Link Text: <https://ww2.arb.ca.gov/eligible-carpool-sticker-list>).
- 5) Grant funds for CAMP projects shall be allowed for project administration costs not to exceed 5% of the grant award pursuant to H&SC §44233.

- 6) Scoring of the projects' direct emission reduction will be done according to the latest CARB/ Congestion Mitigation and Air Quality (CMAQ) methods.
- 7) Applications for projects that do not have direct emission reduction benefits are not eligible for funding; this includes education, policy, planning not tied to a physical asset, and research projects.
- 8) At the discretion of the Air Pollution Control Officer or Planning Manager, Grantees awarded projects that have been granted an extension are not eligible to apply for new projects until any currently awarded project is complete.
- 9) At the discretion of the Air Pollution Control Officer or Planning Manager, Grantees currently awarded two active projects are not eligible to apply for new projects until any currently awarded project is complete.
- 10) At the discretion of the Air Pollution Control Officer or Planning Manager, Grantees can only hold two active grant projects within the program at any given time.
- 11) Per the Air Pollution Control Officer's guidance, a portion of disencumbered funds will be returned to the current Mobile Emission Reduction Program Grant cycle.

IV. EVALUATING & RANKING GRANT APPLICATIONS

Applications for direct emissions reduction projects shall be evaluated in accordance with:

- 1) Methods to Find the Cost-Effectiveness of Funding Air Quality Projects (May 2005), the supplemental Emission Factor Tables (October 2024), and the latest updates of any CARB-approved CMAQ Program guideline:
<https://ww2.arb.ca.gov/our-work/programs/cmaq>
- 2) 2024 Carl Moyer Program Guidelines and its latest updates:
<https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program>
- 3) Clean Mobility Benefits Quantification Methodology:
https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/Clean_Mobility_QM_FINAL_November2023.pdf

Applications shall be ranked by a) highest cost-effectiveness (C/E), expressed in dollars per unit of weight; and or b) the total emissions reduction, expressed in units of weight; and or c) the community benefit achieved by effectively spreading project funds among eligible applicants and or applications.

V. PROJECT SELECTION AND GRANT AWARD

1) Clean Air Management Program (CAMP)

MBARD staff evaluates all applications for eligibility, project scope, travel activity data, and other characteristics. Staff will post a list of all eligible projects for FY 2026-2027 AB 2766 grant funding on the MBARD website. The maximum incentive offered is \$200,000.

Applicants must submit travel activity data for direct emission reduction projects. The Travel Activity Data spreadsheet is available for download on the MBARD website (<https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants>).

2) Clean Vehicle Program (CVP)

Incentives shall be limited to the existing funding allocations based on population per county. The maximum incentive offered is \$200,000. New vehicles must be purchased; a lease is not eligible. Local match funding shall be required on all public agency projects. Limited to one incentive per applicant. More than one may be approved on a case-by-case basis.

3) Electric Vehicle Incentive Program (EVIP)

EVIP has two aspects, one for the participation of the residents and another for the participation of public agencies and non-profit organizations. Non-profit organizations must demonstrate or provide evidence that accruing a notable amount of vehicle miles traveled is integral to the services or operations of the non-profit; and, applications completed by non-profit organizations may be rejected for not including in the application, or not providing upon request, adequate demonstration or evidence that accruing a notable amount of vehicle miles traveled is integral to the services or operations of the non-profit. (For example, a non-profit that delivers food with a fossil fuel vehicle would be eligible for an award.) EVIP operates on a first-come, first-served basis until all program funds are depleted within the fiscal year. Incentives for FY 2026-2027 are:

| Vehicle Type | New | Used |
|-------------------------------|---------|---------|
| Public Agency and Non-profits | \$5,000 | N/A |
| Hydrogen Fuel Cell | \$2,500 | N/A |
| Battery Electric | \$2,000 | \$1,000 |
| Plug-In Hybrid | \$1,000 | \$500 |
| Electric Motorcycle | \$750 | \$500 |

EVIP incentives for public agencies and nonprofit organizations are limited to \$5,000 for each battery electric vehicle, with a limit of three (3) per entity. Public agencies and nonprofits may only purchase vehicles and cannot lease. Residential incentives apply to either purchase or lease (minimum of 24 months) of a new BEV or PHEV from an authorized dealer. Existing applicant-owned vehicles do not need to be replaced. Used BEVs and PHEVs will be eligible for a scaled-down incentive formula: \$1,000 for a used BEV and \$500 for a used PHEV from an authorized dealer or private seller. The remaining battery life should be

disclosed to the buyer at the time of purchase. Incentives will be limited to one vehicle per physical address purchased within the grant cycle. Incentive amounts are subject to change. Qualified low-income residents can apply for an additional \$500 incentive. The low-income aspect applies to residents only and does not include public entities or non-profit organizations. A full description of requirements is available at: <https://www.mbard.org/electric-vehicle-incentive-program>.

The MBARD Board will consider grant awards for CAMP and CVP based on staff recommendations during the October 14, 2026, Board Meeting. The meeting will be held at the MBARD office located at 24580 Silver Cloud Court, Monterey at 1:30 pm.

In limited cases, the Air Pollution Control Officer may award a grant project with an amount above or below the funding limits and exempt a project from other requirements of these guidelines.

VI. RESPONSIBILITIES OF GRANTEES

AB 2766 funds are available for reimbursement grants payable to Grantees for expenses incurred in accordance with signed agreements. The terms and conditions of each agreement vary, and include, but are not limited to the following:

- 1) All funding needed to implement a project shall be secured prior to the Grantee signing an Agreement.
- 2) All expenditures for the project shall be incurred after the start date and before the expiration date of the Agreement, except for battery charging station infrastructure projects, at the sole discretion of MBARD, for fees incurred pre-agreement execution (i.e., permits, design, engineering, site preparation, license fees, environmental fees, commissioning fees safety testing, and onsite required safety equipment).
- 3) Unless requested by Grantee and included in the Agreement, advanced payments are not permitted.
- 4) Grantees shall submit quarterly reimbursement requests throughout the project term, along with a quarterly project progress report to receive reimbursements for expenditures.
- 5) Grant funds shall be disbursed to the entity signing the Agreement, or to other parties if requested by Grantee and so specified in the Agreement.
- 6) Payment shall be within 30 days of MBARD finance department approval of a reimbursement request, not the date the applicant submits an application or a reimbursement request, nor the date MBARD planning department completes approval of a reimbursement request, unless otherwise specified in the Agreement.
- 7) All expenditures shall occur within the term of the project (two years or less), unless extended by the MBARD Board. Extensions will only be recommended by staff if delay was beyond Grantee's control.

VII. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES

All programs funded with AB 2766 funds must conform to MBARD’s Equal Employment Opportunity Guidelines, available from MBARD on request.

VIII. APPLICATION AND INSTRUCTIONS

Applicants may submit applications for more than one project, but each application should be for a single project type. For example, do not combine a direct emissions project with a vehicle replacement project. Applications must be completed and submitted in accordance with the instructions in the online application form.

The application should contain all the required format components and data as described in the application instructions. The data needed to estimate emissions reductions for each type of direct emission project needs to be entered into the Travel Activity Data Spreadsheet and must be included with the application.

Applications and the Travel Activity Data Spreadsheet are available on MBARD’s website:

| | |
|--|---|
| Clean Air Management Program (CAMP) & Travel Activity Data Spreadsheet | https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants |
| Clean Vehicle Program (CVP) | https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants |
| Electric Vehicle Incentive Program (EVIP) | https://www.mbard.org/monterey-bay-electric-vehicle-incentive-program |

The application must be submitted through the online application system. Only applications completed in accordance with the instructions in this packet will be considered eligible for review and grant funding.

The final grant application should be complete, including any maps or graphics, and received at MBARD offices no later than:

August 1, 2026 @ 5:00 PM