Last Mile Freight Program Rebate Program

The Southern California Association of Governments (SCAG), in partnership with the South Coast Air Quality Management District (SCAQMD), is reopening the INVEST CLEAN Measure 2.2 Last Mile Freight Rebate Program (LMFP Rebate Program) to support the deployment of battery-electric commercial vehicles (BEV) and the scrappage or conversion of existing diesel (Class 4-8) or gasoline (Class 4-6) vehicles used in last-mile freight operations.

The Measure 2.2 reopening will provide rebate funding to fleets operating within the Los Angeles–Long Beach–Anaheim and Riverside–San Bernardino–Ontario Metropolitan Statistical Areas (MSAs) and is designed to expand participation, reflect current fleet demand, and fully deploy remaining program funds while maintaining the core requirements approved under the original Measure 2.2 work plan.

Key updates since the program's initial launch include:

- Reopening the program on July 30, 2026, with the initial application acceptance window closing on Oct. 5, 2026—additional application acceptance windows may be opened if funding remains available.
- Expanding BEV purchase and diesel vehicle replacement eligibility to Classes 4-8, with inclusion of gasoline vehicles for Classes 4-6 for scrappage or conversion.
- Implementing class-specific rebate structure, that aligns incentive amounts with vehicle size, reflecting the higher emissions-reduction potential associated with larger vehicle classes.

Program Funding Source

This LMFP Rebate Program is funded through a sub-award to SCAG from SCAQMD, made possible by funding from the U.S. Environmental Protection Agency (EPA). $49,129,000 INVEST CLEAN Measure 2.2 funds are available as part of the reopening.

Rebate Amounts

Approved applicants may receive the following maximum rebate amounts per battery-electric vehicle, based on vehicle class:

- Class 4: $67,000
- Class 5: $67,000
- Class 6: $75,000
- Class 7: $75,000
- Class 8: $108,000

There are no limits on the number of rebates that may be applied for. Rebate funds will be issued post-purchase upon vehicle delivery and verification of compliance with all program requirements. Please refer to the Rebate Redemption & Reimbursement Process and Participant Commitments sections for more information.

Eligibility

Eligible applicants include fleet owners and operators engaged in last-mile freight activities in the counties of Los Angeles, Orange, Riverside, or San Bernardino—these counties collectively encompass the two eligible MSAs. Applicants must be using medium- and heavy-duty commercial vehicles and support operations including but not limited to business-to-business distribution, business-to-consumer delivery, logistics operations, and goods/equipment transportation services. Rebates may be used exclusively toward the purchase of battery-electric Class 4–8 vehicles.

All eligible applicants must propose vehicle replacement through scrappage or conversion of at least one existing diesel or gasoline medium- or heavy-duty vehicle as part of their application. To maintain compliance with the program-wide requirement that at least 51 percent of BEV purchases correspond to the replacement or conversion of existing diesel or gasoline vehicles, applications must propose replacement or conversion for no less than 51 percent of the BEVs requested in order to move forward. For instance, an application proposing purchasing 10 BEVs would need to include the scrappage of at least six existing diesel or gasoline vehicles (i.e., 60 percent) to meet the minimum 51 percent replacement requirement and move forward. By contrast, an application proposing to purchase 10 battery-electric vehicles while replacing only four existing vehicles (i.e., 40 percent) would not meet the minimum requirement and would be deemed ineligible.

Diesel vehicles (Classes 4–8) and gasoline vehicles (Classes 4–6) are eligible for scrappage or conversion if the applicant successfully demonstrates the following:

- The diesel truck model year/engine model year is 2010 or newer (gasoline trucks can be any age);
- Include odometer readings documenting mileage of at least 5,000 miles of use within the 12 months prior to application submission
- Include 12 months of registration and insurance records (continuous, as required by California law); and
- Include documentation demonstrating that the vehicle has been domiciled and in operation in the counties of Los Angeles, Orange, Riverside, or San Bernardino (note that vehicles must have operated at least 75 percent within MSAs for the prior 12 months from application submittal).

VEHICLE REPLACEMENT OPTION

As a condition of funding, applicants must dismantle existing internal combustion vehicles through a certified dismantler. Eligible scrappage vehicles include:

- Diesel vehicles (Classes 4–8, engine model year 2010 or newer)
- Gasoline vehicles (Classes 4–6)

Under the Measure 2.2 program reopening, existing diesel and gasoline vehicles offered for scrappage or conversion are not required to be replaced on a same-class basis. An existing internal combustion vehicle may be dismantled or converted in exchange for one or more battery-electric vehicles of a lower vehicle class, provided that all other program requirements are met.

This approach recognizes that larger diesel and gasoline vehicles often serve functions that can be met by smaller zero-emission vehicles in last-mile freight operations and allows fleets flexibility to right-size vehicle classes while still achieving meaningful emissions reductions. For example, a Class 7 diesel vehicle may be replaced by a battery-electric vehicle in Classes 4 through 7, while a Class 6 diesel or gasoline vehicle may be replaced by a Class 4, 5, or 6 battery-electric vehicle. Replacement vehicles may not exceed the class of the scrapped internal combustion vehicle.

VEHICLE CONVERSION OPTION

The program supports conversion of existing diesel vehicles (Classes 4–8) and gasoline vehicles (Classes 4–6) to battery-electric power. Vehicle conversion projects must use standardized conversion kits that have passed the California Air Resources Board (CARB) evaluation process. The kits must hold an official Executive Order (EO) number and must be mass-produced, commercially available off-the-shelf products. The kits must be manufactured for an entire vehicle platform rather than custom-made for a single vehicle, and must be for full-vehicle electrification rather than modular or component-level upgrades. Engine replacement projects are not eligible for funding. All compatible vehicle makes and models must be documented in the EO. Converted vehicles count as one-to-one replacements. Engines must be permanently destroyed, with documentation provided.

Each vehicle converted from diesel or gasoline power to battery-electric power will be counted as a one-to-one replacement for purposes of meeting program replacement requirements.

Application Intake, Review, and Evaluation Process

SCAG is reopening the program on July 30, 2026, with the submission period ending on Oct. 5, 2026. Additional application acceptance windows may be opened only if funding remains available.

Each window for applications will include sufficient time for SCAG review and SCAQMD concurrence prior to advancing selections. SCAG reserves the right to adjust the timing and frequency of evaluation windows as needed to ensure a consistent and efficient review process.

Program staff will conduct an administrative and technical review of all applications received. All complete applications submitted during a given window will receive the same level of consideration.

Program staff will review applications for completeness and eligibility. Applicants may be notified if required information is missing. Applications that are incomplete at the close of an application window may be resubmitted in a subsequent window with all required information, subject to funding availability. Resubmitted applications will be reviewed as part of the new application group and will not receive preferential treatment based on prior submission.

Applicants are encouraged to submit complete applications as early as possible within the program timeline and to monitor program communications for updates regarding funding availability and application window status.

Application Criteria

Applications will be reviewed for eligibility, completeness, readiness, and emissions benefit potential. SCAG will prioritize:

- Higher diesel and/or gasoline vehicle replacement ratios
- Higher vehicle usage
- Older, higher-emission vehicle replacement or conversion
- Project readiness and timing

SCAG will prioritize projects that demonstrate strong project readiness, near-term deployment timelines, and high expected emissions benefits. Projects that can deploy vehicles on an accelerated timeline may receive additional consideration, as timely deployment supports program-wide emissions reduction goals and implementation deadlines.

All eligible applicants will be considered, but SCAG will use a tiered system to rank projects based on vehicle replacement levels, “shovel-ready” vehicle acquisition plans, and projected emissions benefits. Funding preferences will be given to higher-tier projects that maximize regional air quality outcomes and clearly illustrate the ability to meet vehicle delivery and operation timelines based upon the information provided.

The tiered system is designed to provide transparency and consistency in the selection process while ensuring that rebate awards achieve the greatest possible impact. Projects are grouped into three tiers, with Tier 1 representing those that most closely align with program priorities, such as replacing higher-mileage vehicles with newer battery-electric technologies, demonstrating readiness for immediate deployment, and supporting balanced distribution of funding across the region. Tier 2 projects exceed baseline standards through slightly higher annual vehicle miles traveled in their vehicle history, demonstrating commitments toward charging infrastructure construction or usage partnerships, and offering baseline vehicle replacement/conversion at or above a 70% level but below one-to-one with new BEVs. Tier 3 projects meet all minimum program requirements but may be awarded funding only after higher-tier projects have received higher priority awards.

This structure allows SCAG to prioritize investments in projects with the strongest attributes to meet program requirements for regional emissions reductions.

TIER 1 – HIGH PRIORITY

- Vehicle Replacement: One-to-one replacement or conversion of diesel or gasoline vehicles/engines for each BEV.
- Replaced Vehicle Age + Mileage:
  - 2014 or older vehicles with ≥ 12,500 annual miles
  - 2015 or newer vehicles with ≥ 20,000 annual miles
- Project Readiness: Demonstrated shovel-ready acquisition/deployment (infrastructure in place or documented to be in place at vehicle delivery) by spring 2028.

TIER 2 – MEDIUM PRIORITY

- Vehicle Replacement: 70 percent-99.9 percent replacement or conversion of diesel or gasoline vehicles/engines for each BEV.
- Replaced Vehicle Age + Mileage:
  - 2014 or older vehicles with 10,000-12,499 annual miles
  - 2015 or newer vehicles with 10,000-19,999 annual miles
- Project Readiness: Acquisition plans are progressing with commitments made, but infrastructure access is still pending or conditional (infrastructure anticipated to be in place at vehicle delivery by spring 2028).

TIER 3 – BASELINE PRIORITY

- Vehicle Replacement: Meets minimum 51 percent diesel or gasoline replacement or conversion for each BEV.
- Replaced Vehicle Age + Mileage:
  - Any diesel vehicle age 2010 or newer or gasoline vehicle (any age) with 5,000-9,999 annual miles
- Timeline for infrastructure acquisition or contract to use third-party infrastructure still pending; infrastructure still under development.

If an application meets only a portion of the requirements for placement within a particular tier, it will be placed in the highest tier for which it meets or exceeds all the requirements.

There is a possibility that, due to large program interest, applicants may be offered partial funding. If the program is oversubscribed, not all eligible applications may be funded.

Rebate Redemption & Reimbursement Process

Reimbursement may be issued after all vehicles for each applicant awarded funding have been delivered and placed into commercial operation, and all vehicles designated for scrappage or conversion have been fully dismantled or converted, with required documentation verified. Required documentation shall include but not be limited to the following:

- Inspection forms and digital photos for existing vehicle ready for dismantler documenting the following:
  - Vehicle from front (license plate, if available)
  - Vehicle Identification Number (VIN)
  - Engine serial number (ESN)
  - Cut in frame rails, if frame rails present
  - Hole in engine block
- Inspection forms and digital photos for replacement vehicle documenting the following:
  - Make and model
  - Vehicle from left side or right side
  - Vehicle front and back
  - Vehicle Identification Number (VIN)
  - Gross Vehicle Weight Rating (GVWR)
  - Odometer reading
  - Engine tag
- Location of dismantler yard where the existing vehicle/engine will be destroyed
- Date the existing vehicle is delivered to or picked up by a dismantler
- Completed REG 42 (Report of Vehicle to Be Dismantled) with DMV-stamped validation or other completed DMV forms used to validate vehicle dismantling and junking.

Upon completion, the participant will submit an invoice to SCAG using an approved form with supporting documentation. Further directions for invoicing will be provided to recipients once they have been selected. As part of the submittal, the participant will submit the following documentation:

- Purchase invoices and/or signed sale agreements for the new vehicle(s) verifying that the eligible battery-electric unit(s) was sold to the program participant
- Copies of checks, wire transfers and/or financing documents documenting all payments for the invoiced amount charged by the dealership or equipment manufacturer
  - If financing, applicants should make a down payment in at least the anticipated rebate amount using their own funds. Note that the rebate is paid after purchase

- (If applicable) Documentation verifying each existing vehicle/engine was delivered to an approved dismantler and destroyed
- Proof of new vehicle registration, insurance, and warranty information. Vehicle conversion projects are not required to provide new vehicle registration.

Reimbursement is subject to compliance with all program requirements, including restrictions related to foreign entities of concern and entering into an agreement with SCAG. Applicants should not make vehicle purchase commitments prior to executing such agreement.

Participant Commitments

- Enter into a formal written contract or beneficiary agreement with SCAG by August 2027 (anticipate that the contract will be completed within three months upon each individual applicant award). This contract will require compliance with all applicable laws and EPA grant agreement terms and may require that SCAG and/or SCAQMD be granted security interest in any and all vehicles purchased, in whole or in part, with funding from the LMFP Rebate Program.
- Be available for a follow-up inspection, if requested.
- Register the new vehicle(s) with the State Department of Motor Vehicles.
- Maintain required insurance during the rebate term, consistent with the program duration.
- Operate the vehicle a minimum of 5,000 miles per year within the Los Angeles–Long Beach–Anaheim and Riverside–San Bernardino–Ontario MSAs for a minimum of 60 months from delivery date.
- Not use program-funded vehicles to claim regulatory compliance extensions or credits.
- Ensure vehicle is operated and maintained with proper maintenance during the rebate term.
- Submit post-award progress reports, if required under a Rebate Participant Agreement, for the applicable monitoring period.
- Data collection requirements (to be completed through formal agreement):
  - Requires selected applicants to ensure the necessary environmental information and other data to evaluate project performance is provided.
  - The data will be collected through telematic equipment or real-time equivalent.
  - Selected applicants must ensure performance data is properly provided and equates to the usage requirements in the agreement.
  - The right is reserved to verify information provided.
- Award and Rebate Process
  - If the rebate does not cover the entire cost of the vehicle, the rebate program beneficiary can use other funds to complete the purchase. These funds must be non-federal funds.

Program Contact

For additional information or questions, please email LMFP@scag.ca.gov.

Disclaimer

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