



SPECIAL NOTICE

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
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Governor

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CDTFA WEBSITE
www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

CRS
711

Partial Sales and Use Tax Exemption for Zero-Emission Transit Buses Effective October 9, 2019, through December 31, 2023

Beginning October 9, 2019, through December 31, 2023, a new law allows for a partial sales and use tax exemption on eligible purchases and leases of zero-emission technology transit buses by the following qualifying purchasers:

- City, county, or city and county, or
- Transportation or transit district, or
- Public agencies that provide transit services to the public

Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)

The California Air Resources Board (CARB), in partnership with CALSTART, administers the HVIP to encourage the use of hybrid and zero-emission trucks and buses in California. HVIP provides discounts to vehicle purchasers by issuing voucher incentives for the purchase of qualifying trucks or buses. For more information about HVIP and the list of eligible zero-emission buses, visit www.californiahvip.org.

Eligible zero-emission technology transit buses

AB 784 (Stats. 2019, chapter 684)¹, signed into law on October 9, 2019, provides for the partial exemption on purchases and leases, by eligible purchasers, of zero-emission buses on the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) eligible vehicles list and the following bus types:

Buses	Description
Articulated Bus	A 54-foot to 60-foot bus with two connected passenger compartments.
Bus	A rubber-tire vehicle designed to transport passengers by road with a gross vehicle weight rating greater than 14,000 pounds.
Cutaway Bus	A vehicle in which a bus body designed to transport passengers is mounted on the chassis of a van or light- or medium- duty truck chassis, and that has a gross vehicle weight rating greater than 14,000 pounds, but not more than 26,000 pounds. A cutaway bus includes an original van or light- or medium- duty truck chassis that has been reinforced or extended. Accommodating some standing passengers does not disqualify a cutaway bus from being considered a transit bus for the purposes of this section.
Double-Decker Bus	A high-capacity bus that has two levels of seating, one over the other, connected by one or more stairways, of a height that is at least 13 feet, and carries between 40 to 80 people.
Over-the-Road Bus	A bus characterized by an elevated passenger deck located over a baggage compartment used for long-distance bus services or connecting outlying areas with central cities with limited stops.
Shuttle Bus	A commercial vehicle with a gross vehicle weight rating of 8,501 pounds or greater, sized Class 2b through Class 8, that transports passengers in a fixed destination route.
Transit Bus	An articulated bus, bus, cutaway bus, double-decker bus, over-the-road bus, shuttle bus, or trolley bus.
Trolley Bus	A rubber-tired, electrically-powered passenger vehicle operated on city streets drawing power from overhead wires using trolley poles.

¹ http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB784

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Dealers

Your sales of eligible buses to qualifying purchasers are subject to tax at a reduced rate of 3.3125 percent (7.25 percent current statewide tax rate less the 3.9375 percent partial exemption) plus any applicable district taxes. The reduced sales or use tax rate is applied to the total selling price of the vehicle before any incentives, such as a voucher from HVIP, is applied.

To report your sales of eligible zero-emission technology buses on your sales and use tax return, report the total selling price in your total sales. You may claim a partial exemption for eligible sales of eligible buses to qualifying purchasers as a *Zero-Emission Transit Bus* deduction on your return.

To document the partially exempt sale, you should obtain a timely partial exemption certificate from your customer. See the *Exemption certificate* section below.

Buyers

If you are a qualifying purchaser making a purchase or lease of an eligible zero-emission technology transit bus, you must provide the retailer with a timely partial exemption certificate to obtain the reduced tax rate. See the *Exemption certificate* section below.

Exemption certificate

A partial exemption certificate must be issued to the retailer to document the partially exempt sale. We have a form exemption certificate, [CDTFA-230-HB](#), *Partial Exemption - Zero-Emission Transit Bus*, on our [website](#) for your use in documenting the partial exemption.

Please note: Any document may be regarded as a partial exemption as long as it contains the following information:

- The signature of the purchaser, the purchaser's agent, or the purchaser's employee,
- The name, address, and telephone number of the purchaser,
- The purchaser's seller's permit number, or if the purchaser is not required to hold a seller's permit, a notation to that effect, and the reason why a seller's permit was not required,
- A statement certifying that the property purchased is qualified tangible personal property and that the purchaser is an eligible purchaser under the program,
- A description of the property purchased, and
- The date of execution of the document.

For more information

If you have additional questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 8:00 a.m. to 5:00 p.m. (Pacific time), except state holidays.