



SPECIAL NOTICE

CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION
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Sacramento, CA 95811

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Governor

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Secretary
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Director

CDTFA WEBSITE
www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115
TTY
711

Partial Sales and Use Tax Exemption for Zero-Emission Technology Transit Buses Ends on December 31, 2025

The partial sales and use tax exemption for the sale to, or purchase by, qualifying purchasers of eligible zero-emission technology transit buses ends on December 31, 2025. Qualifying purchasers include:

- Cities, counties, or cities and counties, or
- Transportation or transit districts, or
- Public agencies that provide transit services to the public.

Beginning January 1, 2026, the sale or purchase of zero-emission transit buses will be subject to the full sales and use tax rate.

Dealer responsibilities

If you are a dealer who sells eligible buses to qualifying purchasers on or before December 31, 2025 (including lease periods occurring on or before December 31, 2025), you must:

- Apply the partial sales and use tax exemption to eligible sales and leases.
- File and report the total selling price or total lease receipts for zero-emission transit buses on your return for the period ending December 31, 2025.
- Claim the partial exemption for eligible transactions as a *Zero-Emission Transit Bus* deduction on your return.

For sales made on or after January 1, 2026 (and lease periods occurring on and after January 1, 2026), you must:

- Apply the full sales and use tax rate on the sales and leases of zero-emission transit buses.
- File and report the total selling price or total lease receipts on your return. You may not claim a partial exemption deduction on your return.

Purchaser responsibilities

If you are a qualified purchaser who makes an eligible purchase on or before December 31, 2025 (including lease periods occurring on or before December 31, 2025):

- You must timely provide your retailer a partial exemption certificate to make a valid purchase or lease of the bus at the reduced tax rate.
- You may use [CDTFA-230-HB](#), *Partial Exemption Certificate—Zero-Emission Transit Bus*, to document and obtain the partial exemption.

Purchases made on and after January 1, 2026 (including lease periods occurring on and after January 1, 2026), do not qualify for the partial exemption.

Legislation information

Revenue and Taxation Code section 6377¹ provides qualified purchasers a partial sales and use tax exemption on the purchase and lease of transit buses that are eligible for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project. The law was put into effect on October 9, 2019, and will expire on December 31, 2025.

¹ www.cdtfa.ca.gov/lawguides/vol1/sutl/6377.html

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*PARTIAL SALES AND USE
TAX EXEMPTION FOR
ZERO-EMISSION
TECHNOLOGY TRANSIT
BUSES ENDS ON
DECEMBER 31, 2025*

For more information

For additional information about the partial sales and use tax exemption for zero-emission transit buses, please visit our *Tax Guide for Green Technology* at www.cdtfa.ca.gov/industry/green-technology/vehicles.htm and our *Tax Guide for Motor Vehicle Dealers* at www.cdtfa.ca.gov/industry/motor-vehicle-dealers/industry-topics.htm.

If you have additional questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (TTY:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.