

State of California
AIR RESOURCES BOARD

**PUBLIC HEARING TO CONSIDER PROPOSED GUIDELINES FOR THE CLEAN
CARS 4 ALL AND ENHANCED FLEET MODERNIZATION PROGRAMS**

STAFF REPORT: INITIAL STATEMENT OF REASONS

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Executive Summary

Voluntary accelerated vehicle retirement or "scrap and replace" programs provide financial incentives to consumers to retire older, higher-polluting, and less fuel efficient vehicles. The purpose of these programs is to reduce fleet emissions by accelerating the turnover of the existing fleet and the subsequent replacement with newer, cleaner, and more efficient vehicles. Reducing emissions from the existing fleet is a component of California's State Implementation Plan for meeting air quality standards and supports efforts to meet the State's 2030 climate change goals.

Background

The State initially provided funding for vehicle retirement and replacement incentives with the adoption of Assembly Bill AB 118 Nunez, Chapter 750, Statutes of 2007. AB 118 created the Enhanced Fleet Modernization Program (EFMP) through a one dollar surcharge on motor vehicle registration, generating about \$30 million each fiscal year. There are two main features of EFMP: a scrap-only element administered statewide by the Bureau of Automotive Repair, and a district-run scrap and replace element available in air basins with the worst air quality.

In response to legislation and a program review, the Board adopted changes in June of 2014, which included the creation of EFMP Plus-Up, a complementary pilot project which provided additional incentives to lower-income consumers living in or near disadvantaged communities who replace their vehicles with advanced technology vehicles.

Proposal Overview

Recently enacted legislation requires the California Air Resources Board (CARB) to update the EFMP guidelines as well as create guidelines for a new vehicle replacement program. AB 630 Cooper, Chapter 636, Statutes of 2017 establishes the Clean Cars 4 All Program Clean Cars 4 All, administered by CARB, to focus on replacing high-polluting vehicles with cleaner and more efficient vehicles.

The changes proposed to the EFMP guidelines are relatively minor. Staff intends for these changes to achieve the following benefits: 1 allow additional air districts the opportunity to implement the EFMP Retire and Replace; 2 simplify the existing fuel economy standards; 3 provide increased flexibility with regard to participants' choice of replacement vehicle; and 4 enhance consumer protections.

In establishing Clean Cars 4 All, the intent of AB 630 is to codify an existing pilot project into a formal, stand-alone program in statute. The Clean Cars 4 All guidelines proposed in this regulation are therefore intended to seamlessly transition from the existing pilot project to Clean Cars 4 All without making any significant changes to the program requirements.

No significant changes are being proposed to the Scrap-only program implemented by the Bureau of Automotive Repair BAR. Consumers with household incomes below 225 percent of the federal poverty will continue to receive \$1,500 to scrap their functional, older, higher-emitting vehicles.

Proposed Benefits

Overall, the EFMP and Clean Cars 4 All programs are expected to continue collectively reducing smog-forming emissions by 1.7 tons per day. Under current funding, staff expects Scrap-only participation to maintain annual retirements of 25,000 vehicles. Staff anticipates the expansion of Scrap and Replace and Clean Cars 4 All programs to provide annual incentives for approximately 4,000 participants collectively between current and new air districts implementing Scrap and Replace and Clean Cars 4 All.

Cost effectiveness varies depending on the age of the scrapped vehicle and the incentive option chosen by participants. Cost effectiveness is estimated to range from \$21,000 per ton for scrap-only to as much as \$184,000 per ton for Clean Cars 4 All low-income consumers purchasing a 35 mile per gallon replacement vehicle. Overall, average cost-effectiveness is estimated to be approximately \$43,000 per ton given the in differences in participation rates and funding between EFMP and Clean Cars 4 All programs.

The proposed program is voluntary and does not require participation by consumers or businesses. For businesses choosing to participate, the program is expected to provide modest positive impacts. Businesses that will benefit include licensed dismantlers and new or used car dealerships due to the increase in vehicles scrapped and the expected increase in vehicle sales at car dealerships.

Conclusion

CARB staff recommends that the Board adopt the amendments and new regulation covering Clean Cars 4 All as proposed in this Initial Statement of Reasons. The proposal meets the legislative directives of AB 630 and provides additional updates to the minimum requirements for the scrap and replace programs.

I. INTRODUCTION AND BACKGROUND

The State of California has made significant progress towards ensuring its passenger vehicle fleet is as clean as possible. Nonetheless, California's nearly 24 million passenger cars and light- and medium-duty trucks travel close to 850 million miles per day¹, preventing several areas of the State from meeting state and federal health-based air quality standards. The fleet's older vehicles, which are certified at higher emission levels, contribute disproportionately to the air quality burden. Accelerating the natural rate of retirement of these older vehicles and ensuring they are replaced with newer models that meet more stringent emission standards is an effective strategy to help the State improve air quality.

To this end, the Legislature initially provided funding for vehicle retirement and replacement incentives with the adoption of Assembly Bill AB 118 Nunez, Chapter 750, Statutes of 2007. In addition to creating the Air Quality Improvement Program and the Alternative and Renewable Fuel and Vehicle Technology Program, AB 118 also established the Enhanced Fleet Modernization Program (EFMP) through a one-dollar surcharge on motor vehicle registration, generating about \$30 million each fiscal year. The program improves air quality through the early retirement of high-polluting passenger vehicles and light-duty trucks by voluntary means.

The California Air Resources Board (CARB), in consultation with the Bureau of Automotive Repair (BAR), adopted initial program guidelines in 2009 to administer two distinct program elements: a retirement-only program administered by BAR statewide and a pilot replacement program implemented at the air district level. The pilot replacement program was originally launched in the South Coast air district in 2012, but was discontinued shortly thereafter due to low participation.

In 2013, CARB and BAR staff conducted a study of vehicles retired through BAR's retirement element to determine the program's effectiveness and to identify opportunities for improvement. The overall conclusion of the study was that while the program was retiring high-emitting vehicles, the cost-effectiveness and emission benefits could be increased by better ensuring that only vehicles with significant remaining useful life be allowed in the program, as the emission benefits are largely based on replacing vehicles that would have otherwise been driven on the road. In addition to the study, Senate Bill (SB) 459 Pavley, Chapter 437, Statutes of 2013 directed CARB to improve EFMP to increase the benefits to low-income residents, promote cleaner replacement vehicles, enhance the emission reductions, and increase outreach to community-based organizations.

¹ EMFAC20 7 <http://www.arb.ca.gov/emfac/>

In response, the Board adopted changes to EFMP in June of 2014. Among other changes, the Board recognized the need to provide air districts flexibility to tailor their programs to meet region-specific needs. The new guidelines therefore allowed each air district to create their own implementation plans, as long as they met minimum requirements adopted by the Board.

In addition, incentive amounts see Table I-1 were based on a participant's income level and choice of replacement vehicle, with the highest amounts going to the lowest income households and cleanest vehicle technologies. To participate, consumers must have a household income less than 400 percent of the federal poverty level.

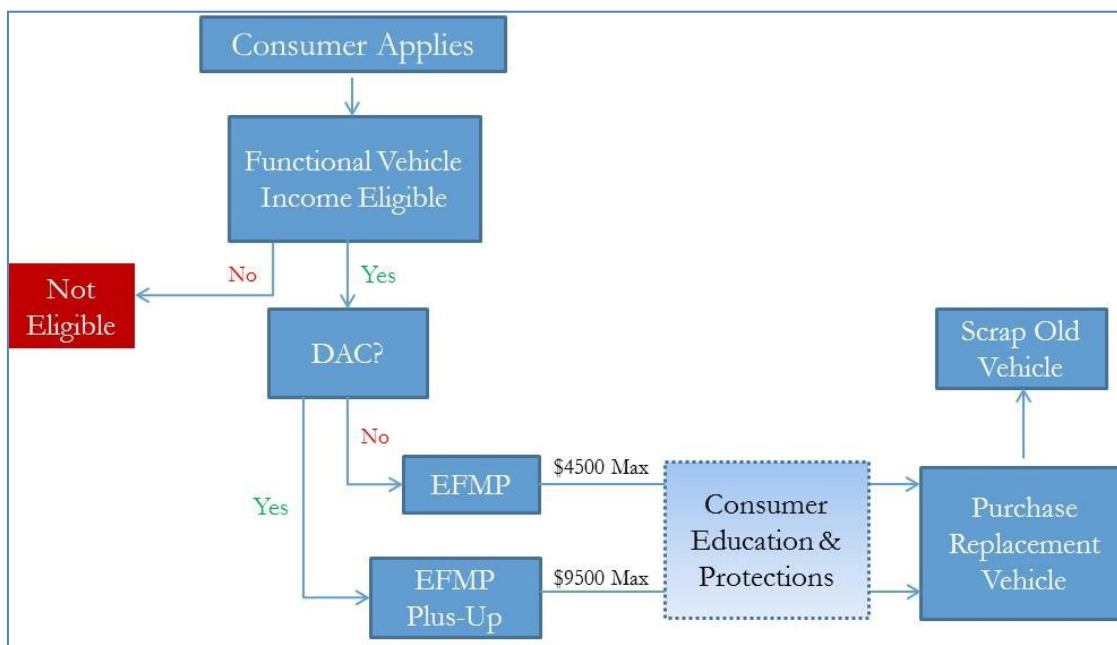
At the same time these changes were adopted, the Board also created a complementary incentive pilot project called EFMP Plus-Up, which encourages EFMP participants to purchase new or used advanced technology replacement vehicles e.g. hybrid, plug-in hybrid, or zero-emission vehicles. Supported by the Greenhouse Gas Reduction Fund GGRF, EFMP Plus-Up is focused on maximizing the climate change benefits of the replacement program for participants who live in or near a Disadvantaged Community DAC census tract.

Table I-1: EFMP and EFMP Plus-Up Incentives

Income Eligibility	Program	Eight Years Old or Newer				
		Conventional Vehicle 20+ MPG	Hybrid 20+ MPG	Hybrid 35+ MPG	Plug-In Hybrid or Battery Electric	Mobility Option
Low Income ≤ 225% FPL	EFMP	\$4,000	\$4,000	\$4,500	\$4,500	\$4,500
	Plus-up	Not Available	\$2,500	\$2,500	\$5,000	
	Total	\$4000	\$6,500	\$7,000	\$9,500	
Moderate Income 226% - 300% FPL	EFMP	Not Available	Not Available	\$3,500	\$3,500	\$3,500
	Plus-Up	Not Available	Not Available	\$1,500	\$4,000	
	Total			\$5,000	\$7,500	
Above Moderate Income 301% - 400% FPL	EFMP	Not Available	Not Available	Not Available	\$2,500	\$2,500
	Plus-Up	Not Available	Not Available	Not Available	\$3,000	
	Total				\$5,500	

The revamped EFMP replacement program pilot programs including the EFMP Plus-Up pilot project were launched in both the South Coast and San Joaquin Valley air districts in the summer of 2015. Although each district designed unique programs, the general participation process is shown below in Figure I-1.

Figure I-1: EFMP Retire and Replace Process



II. THE PROBLEM THAT THE PROPOSAL IS INTENDED TO ADDRESS

California has been the nation’s leader in efforts to reduce air pollution; however the State—and in particular the South Coast and the San Joaquin Valley air basins, home to nearly 50 percent of the State's passenger vehicles²-continues to exceed state and federal health-based air quality standards. California's nearly 24 million passenger cars and light- and medium-duty trucks, which travel close to 850 million miles per day, contribute significantly to the problem.³ Older vehicles, which are certified at higher emission levels, account for a significantly larger share of these emissions than newer models that comply with more stringent emission standards.

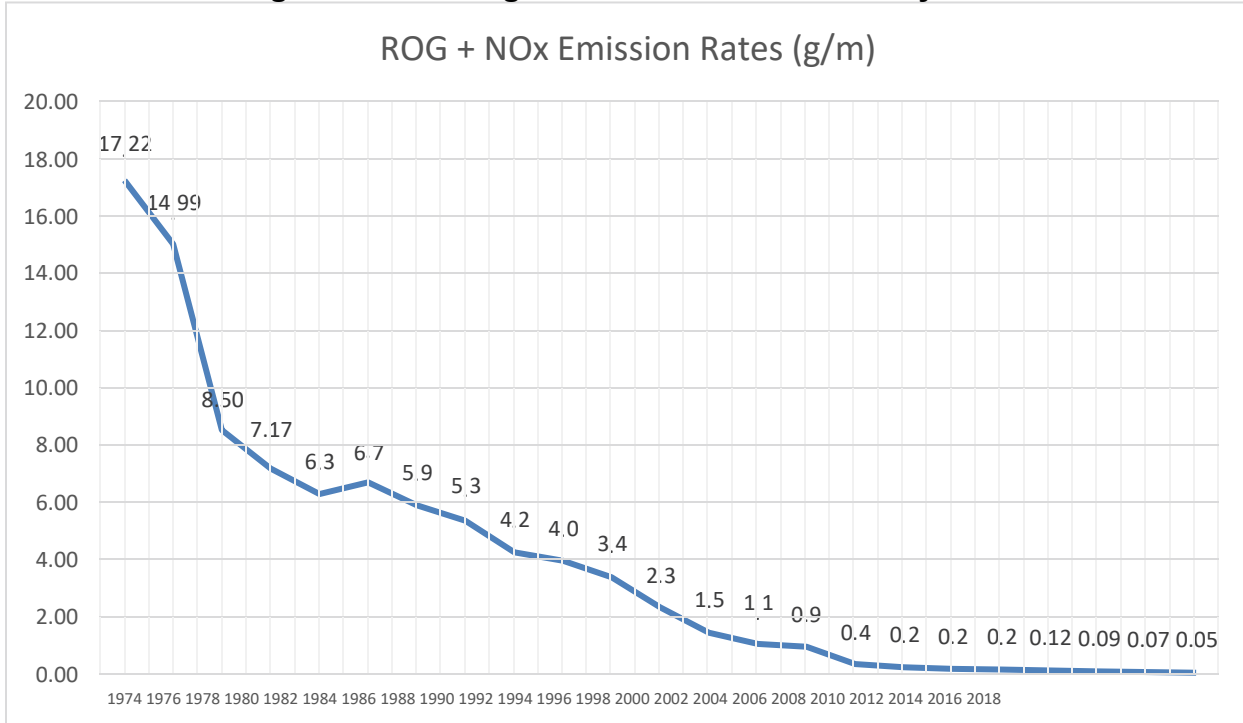
The emission rate of a 20-year-old vehicle, in terms of grams per mile of oxides of nitrogen (NOx) plus reactive organic gases (ROG), is 30 times that of a 2018 model vehicle as shown below in Figure II-1. Vehicles that are 20 years old and older account for only 5 percent of all miles traveled, but are responsible for 44 percent of daily smog-forming emissions from motor vehicles.⁴ These facts make retirement of older vehicles an attractive strategy to reduce pollution from on-road motor vehicles.

² EMFAC20 4 <https://arb.ca.gov/emfac/>.

³ Ibid.

⁴ Ibid.

Figure II-1: Average Vehicle Emission Rate by Model Year



There are currently on average 1.4 million vehicles retired every year as part of normal fleet turnover in California.⁵ California's low-emission new car standards are dependent on this natural turnover for significant emission reductions. However, the EFMP replacement program can achieve extra emission reduction benefits through the early retirement of fully functional, but high-emitting vehicles. EFMP's monetary incentives can provide the necessary "push" for drivers to retire many of these older, higher-emitting vehicles. The additional incentives provided by the replacement program for fuel efficient vehicles can help transition drivers into newer vehicles that provide additional air quality benefits.

Although air quality benefits are a primary objective of EFMP, the program has several other important goals. Meeting the ambitious climate change and greenhouse gas (GHG) emission reduction goals set by AB 32 Nunez, Chapter 488, Statutes of 2006, and the zero-and near-zero emission vehicle (ZEV) deployment goals of SB 1275 De Leon, Chapter 530, Statutes of 2014 will require the use of advanced technology vehicles throughout all transportation sectors. By specifically helping low-income consumers afford ZEVs, EFMP and EFMP Plus-Up ensure the benefits of ZEV adoption are spread equitably across the economic spectrum. By focusing the program on low-income drivers in areas of the State with the greatest air quality burden, EFMP helps the households who stand to benefit the most from owning a newer, cleaner, and more efficient car.

⁵ EMFAC20 7 <http://www.arb.ca.gov/emfac/> difference between new model year population and total population growth.

Replacing an older and less-efficient car with a newer, advanced technology vehicle also reduces the overall cost of car ownership through increased fuel efficiency, reduced repair costs, and fewer days missed at work. Reducing the cost of ownership increases participants' disposable income and therefore also helps to stimulate local economies of the State's disadvantaged and low-income communities.

This proposed rulemaking is in response to legislation signed into law on October 10, 2017, that requires CARB to update the guidelines for EFMP and Clean Cars 4 All. Specifically, AB 630 Cooper, Chapter 636, Statutes of 2017 requires CARB to: 1 Update the guidelines to an existing voluntary incentive program, EFMP; 2 Create guidelines for Clean Cars 4 All; and 3 Update the EFMP guidelines to provide increased flexibility for light-duty pick-up truck replacement vehicles. The current programs are popular and regarded as largely successful in meeting the goals mentioned above, and thus only minor, technical changes are required by this legislation.

III. THE SPECIFIC PURPOSE OF EACH ADOPTION, AMENDMENT, OR REPEAL

The existing regulation for EFMP is contained in title 13 of the California Code of Regulations, sections 2620 through 2630. Staff is proposing to amend these as described below and to add Article 3 sections 2631 through 2639.5. This new article would contain the guidelines for the new Clean Cars 4 All Program.

A summary of the purpose and content of the proposed regulation elements is provided below. Throughout sections 2620 through 2630 staff is proposing to change the terms 'retire' and 'retirement' to 'scrap' to ensure consumers clearly understand the intent of the program. Appendix A contains the proposed regulatory text.

A. Enhanced Fleet Modernization Program

Section 2620. Purpose

The purpose of replacing the term 'emission' with 'fuel economy' is to use a more precise term for this requirement, without substantively changing the requirement itself. The program requirements are described in Section 2627.

Section 2621. Definitions

The purpose of the amendments to this section is to add three new definitions, and make minor changes to existing definitions. The definitions of 'mobility options' and 'car sharing' come from AB 630. Other minor changes to existing definitions, such as adding examples, are intended to add clarity without altering the original definition. No substantive changes are proposed.

Section 2622. Program Administration

Staff is proposing to amend this section to allow any air district with a population greater than one million to implement this program. The existing regulation

allows only the South Coast AQMD and San Joaquin Valley APCD to implement the program. Consistent with the direction of AB 630, this change ensures the largest air districts will be able to implement both EFMP Scrap and Replace and Clean Cars 4 All.

Staff is also proposing to set a specific timeline for air districts to submit quarterly progress reports to CARB. Currently, no such timeline exists. This amendment would give the air districts one month after the end of each calendar year quarter to prepare and submit their reports to CARB.

Additional non-substantive changes are made to this section to improve clarity and consistency.

Section 2622.5. Annual Reporting

The purpose of this new section is to establish annual reporting requirements for EFMP, as required by AB 630.

Section 2623. Program Limits

The purpose of the amendments to this section is to facilitate and encourage coordination with other incentive programs, as required by AB 630.

Section 2624. Scrapped Vehicle Minimum Eligibility Requirements

The purpose of the amendments to this section is to make the descriptions of some requirements more concise, without substantively altering the requirement itself.

Section 2626. Scrap-only Program

No changes will be made to this program, aside from changing the name from 'Retirement-Only' to 'Scrap-Only'. The purpose of this change is to use a more precise term to ensure consumers clearly understand the intent of the program. The program will continue being implemented statewide by BAR, providing \$1,500 to participants with household incomes below 225 percent of the federal poverty level to scrap their functional, older, higher emitting vehicles.

Section 2627. Scrap and Replace Program

The name of the program would be changed to Scrap and Replace to more accurately reflect the objectives of the program, and to be consistent with the name change for the EFMP Scrap-Only program. Some minor changes are also proposed to improve clarity.

The purpose of each substantive change is described below:

1. Subsection a: Staff is proposing to amend the regulation to allow any air district with a population greater than one million to implement this program. The existing regulation allows only the South Coast AQMD and San Joaquin Valley APCD to implement the program. The purpose is give

additional air districts the opportunity to implement the EFMP Scrap and Replace program.

2. Subsection g 2 A: The minimum MPG requirement for all replacement vehicles, except light-duty pick-up trucks and mini-vans, would be changed to 35 MPG and remove the table of standards for fuel economy by model year and type. The purpose of this change is to simplify the existing model-year-based standard, while ensuring replacement vehicles at least meet a sufficiently high fuel economy standard. In addition to meeting the fuel economy standards, all replacement vehicles would need to be eight model years or newer.
3. Subsection g 2 B: Pickup truck replacement vehicles would be required to meet the same minimum fuel economy standards that apply to minivans. The current EFMP guidelines apply a separate fuel economy standard for minivans to ensure there is a replacement option that meets the needs of larger families. This change would also require any applicant who wishes to purchase a pickup truck or minivan replacement to scrap a pickup truck or minivan. The purpose of this amendment is to meet the requirements of AB 630, and to provide more flexibility to program participants who wish to scrap their pickup truck.
4. Subsection g 2 B: The table of fuel economy standards, removed from subsection g 2 A, would be replaced with a minimum fuel economy standard of 21 MPG for minivans and pickup trucks. The purpose of this change is to simplify the existing model-year-based standard, while ensuring replacement minivans and trucks meet a sufficiently high fuel economy standard.
5. Subsection f 5 L: Staff is proposing to prohibit air districts or agencies from accepting applications completed in full, or in part, by any unaffiliated organization that charges the applicant for this service. The purpose of this change is to enhance consumer protection and to ensure participants receive the full benefit of the program.
6. Subsection I: The incentive amounts for the alternative transportation mobility option or 'mobility option' would be increased to \$7,000 for all household income levels. The purpose of increasing the incentive is to encourage more participants to choose this option over purchasing a replacement vehicle.

Section 2629. Records and Auditing

The name of the program is updated in this section. Otherwise, no substantive changes are proposed.

Section 2629.5. Severability

The section number is changed from 2630 to 2629.5 to accommodate the sections to be added for the Clean Cars 4 All program see below. No substantive change to the content of this section is proposed.

B. Clean Cars 4 All Program

Overview

The purpose of these sections is to establish guidelines for the Clean Cars 4 All Program, as required by AB 630. The guidelines would create the general framework for the program and detail the minimum requirements each air district's program must meet. These requirements would ensure the fundamental objectives of the program are achieved and will need little or no adjustment over time. More detailed program elements that will likely require periodic adjustment-such as incentive amounts, which depend on market conditions and need to coordinate with other incentive programs-would be developed through a separate, non-regulatory public process and approved by the Board, consistent with how the EFMP Plus-Up pilot project is currently is currently developed.

AB 109 Ting, Chapter 249, Statutes of 2017 exempts from the Administrative Procedure Act Chapter 3.5 commencing with Section 11340 of Part 1 of Division 3 of Title 2 of the Government Code guidelines or other standards adopted by CARB in administering moneys from GGRF. Consistent with the funding source for the EFMP Plus-Up Pilot Project, GGRF will continue to support Clean Cars 4 All. As such, AB 109 supports staff's proposal to develop detailed requirements for Clean Cars 4 All administratively as part of the LCTI funding plan, as is the case for the existing EFMP Plus-up pilot project, or through a similar process requiring Board approval.

Staff's proposal for Clean Cars 4 All would essentially formalize the existing EFMP Plus-Up pilot project. Thus, participating air districts would continue to be required to submit an implementation plan to CARB prior to receiving grants. In addition to describing the overall program design, each air district's implementation plan would detail the methods used to meet CARB's minimum requirements for the program. For example, each plan would contain methods for targeting high-emitting vehicles, ensuring that retired or scrapped vehicles have sufficient functionality to be driven, and that the program incorporates an appropriate level of consumer protection and education. Air districts would continue to submit detailed reports to CARB every quarter, and CARB would continue to closely monitor each district's program to ensure they are meeting the Legislature's objectives.

Finally, staff recognizes the opportunity to educate Clean Cars 4 All participants about CARB's other incentive programs, especially those relating to alternative mobility options such as car sharing and financing assistance. Staff is therefore also proposing to make available some funding for participants as an incentive to learn more and 'test drive' other incentive programs. This is consistent with

AB 630, which requires increased coordination between EFMP, Clean Cars 4 All, and other GGRF-funded incentive programs.

Section 2630. Purpose

The purpose of the regulation is to provide guidelines to implement the Clean Cars 4 All Program, as required by AB 630. This section is needed explain the overarching purpose of the Clean Cars 4 All program, as intended by AB 630.

Section 2631. Definitions

This section provides definitions of the terms used in the regulation and is needed to provide clarity and support for the requirements presented within the proposed regulation. Many of the definitions are common to this proposed regulation and EFMP, but where possible other definitions come from existing regulations and state and federal guideline documents.

Section 2632. Program Administration

This section outlines administration requirements for Clean Cars 4 All. The proposed regulation specifies that the program will be implemented by air districts who choose to participate and contract with CARB. All implementing air districts may contract with third parties, including dismantlers, to facilitate implementation are required to report program participation and performance to ARB quarterly, within 30 days of the end of each quarter.

Section 2633. Annual Reporting

The purpose of this section is to establish annual reporting requirements for Clean Cars 4 All, as required by AB 630.

Section 2634. Program Limits

The purpose of this section is to allow participants who receive a Clean Cars 4 All incentive to also receive additional incentives for the purchase of a replacement vehicle, subject to the requirements of the other incentive programs.

Section 2635. Scrapped Vehicle Minimum Eligibility Requirements

The retired vehicle eligibility criteria section provides eligibility criteria and requirements for all vehicles to be retired through Clean Cars 4 All.

Section 2636. Ineligible Vehicles

This section describes vehicles that are not eligible for participation. This section is needed to clearly define the types of vehicles that do not meet the minimum participation requirements of the program.

Section 2637. Program Elements

This section provides the minimum implementation criteria for Clean Cars 4 All. Implementing air districts must submit an implementation proposal to CARB prior to receiving initial grant disbursements. These proposals must include methods

for targeting high-emitting vehicles, ensuring that retired vehicles have sufficient functionality to be driven, and that the program incorporates some form of consumer protections. The implementation plans would also contain any additional region-specific elements, features, or requirements imposed by the air district to ensure the program best suits the unique needs of its constituents.

Section 2638. Parts Recycling and Resale

This section provides requirements to dismantlers and other contractors accepting vehicles for scrap under Clean Cars 4 All. This section prohibits dismantlers and other contractors from removing emission or drive train related parts from scrapped vehicles. Vehicles and all activities associated with scrapping them must be conducted in accordance with all local, state, and federal laws.

Section 2639. Records and Auditing

This section provides record keeping requirements for dismantlers and air districts implementing Clean Cars 4 All.

Section 2639.5. Severability

This section defines each section of the proposed regulation as severable and is needed to clearly define that if one provision within the proposed regulation is deemed invalid, the remaining parts are still deemed to be valid.

IV. THE RATIONALE FOR CARB'S DETERMINATION THAT EACH ADOPTION, AMENDMENT, OR REPEAL IS REASONABLY NECESSARY

The rationale for the proposed regulation elements is provided below.

A. Enhanced Fleet Modernization Program

Section 2620. Purpose

Improving the clarity of the language in this section will ensure implementing air districts and interested applicants understand the purpose of EFMP.

Section 2621. Definitions

Three new definitions are unique to this proposed regulation. Improving the clarity of the language in this section will ensure implementing air districts and interested applicants correctly interpret the requirements of EFMP.

Section 2622. Program Administration

Staff is proposing to give the State's largest air districts an opportunity to implement the Scrap and Replace program. The one million population threshold corresponds to the largest five air districts, all of which have significant air quality problems and low-income populations. This is consistent with Health and Safety Code section 44125 d 4 and d 5, which requires the program to be focused where the greatest air quality impact can be identified. This is also consistent

with direction in AB 630 to focus the program on achieving benefits to low-income State residents.

AB 630 requires CARB to set goals and evaluate each air district's Scrap and Replace program performance on an annual basis. To ensure CARB is able to complete these tasks, air districts must submit their quarterly progress reports in a predictable and timely manner. As such, staff is proposing to set a specific timeline for the air districts to submit their reports.

Improving the clarity of the language in this section will ensure implementing air districts and members of the public understand how EFMP will be administered.

Section 2622.5. Annual Reporting

Annual reporting is required by AB 630. This section ensures these are requirements and expectations are clearly stated and established in regulation.

Section 2623. Program Limits

Improving the clarity of the language in this section will ensure implementing air districts and applicants understand how EFMP works with other incentive programs.

Section 2624. Scrapped Vehicle Minimum Eligibility Requirements

Improving the clarity of the language in this section will ensure implementing air districts and applicants understand the eligibility requirements of EFMP.

Section 2626. Enhanced Fleet Modernization Program: Scrap-only

In the February of 2016, CARB and BAR staff jointly conducted a study to assess the impact of guideline changes finalized in 2015 see Appendix F for more information on this study. Overall, the study's findings suggested a modest improvement in the quality of scrapped vehicles since the 2015 guideline changes were implemented. The study did not identify any significant areas of concern to justify any further adjustments to the guidelines. Beyond the name change, staff is not proposing to make any changes to the EFMP Scrap-only program guidelines at this time. Staff is proposing to change the program name to provide greater clarity to consumers.

Section 2627. Enhanced Fleet Modernization Program: Scrap and Replace

AB 630 requires CARB to update the EFMP guidelines by January 1, 2019. The proposed changes to the Scrap and Replace program guidelines contained in this section are consistent with this legislative requirement and are based on lessons learned after two and half years of implementation. The name of the program would be changed to Scrap and Replace to more accurately reflect the objective of the program, and to be consistent with the name change for the EFMP Scrap-only program. Improving the clarity of the language in this section will also ensure the intent of the regulation is met.

The rationale for each substantive change is explained below.

1. Subsection a: Staff is proposing to give the State's largest air districts an opportunity to implement the Scrap and Replace program. The rationale for this change is the same as what is provided above for Section 2622 of the proposed regulation.
2. Subsection g 2 A: Stakeholders requested that CARB limit eligible replacements to advanced technology vehicles. The proposed 35 MPG minimum fuel economy standard ensures that all cars replaced through the program are the most efficient and cleanest on the market. Less than four percent of possible replacement vehicles meet or exceed this standard⁶, the majority of which are advanced technology. The requirement that replacement vehicles be eight model years or newer ensures that replacement vehicles have sufficient remaining useful life and decreases the likelihood that applicants will have significant repair and maintenance costs associated with older vehicles. The eight year window of eligibility also allows participants access to more affordable replacement options.
3. Subsection g 2 B: AB 630 requires CARB to update the EFMP guidelines such that light-duty pick-up trucks are required to meet the same fuel economy standards as mini-vans. An applicant who wishes to purchase a pick-up truck or mini-van must also scrap a pick-up truck or mini-van.
4. Subsection g 2 B: The proposed 21 MPG minimum fuel economy standard would ensure any pickup truck or minivan purchased through the program will result in sufficient clean air and GHG benefits. The proposed standard is also set at level that achieves sufficient emission benefits, while also ensuring participants have access to affordable pickup truck or minivan replacement options.
5. Subsection f 5 L: Consumer protections and education are paramount to the success of EFMP. To this end, implementing air districts provide the support each applicant needs to complete the program free of charge. Adding this specific protection is necessary to prevent unauthorized third parties from charging applicants a fee to complete their applications, and thus ensures each applicant receives the full benefit of the program.
6. Subsection I: Current program guidelines provide up to \$4,500 to participants that utilize public transit passes in lieu of an incentive for the purchase of a replacement vehicle. To date, few participants have chosen this option, opting instead to purchase a replacement vehicle. To promote participation in the mobility option, staff is proposing to increase the

⁶ Fueconomy.gov, based on model years 20 0 through 20 7.

incentive levels to equal what will be provided for category of replacement vehicles that have a minimum fuel economy of 35 MPG. This change would ensure the incentive amount of the mobility option is competitive with what is provided for the most popular replacement option chosen to date.

Section 2629. Auditing

The name of the program is updated to be consistent with the change proposed in the previous section.

Section 2629.5. Severability

This new section allows the sections establishing the Clean Cars 4 All program to begin at 2630, which keeps the overall regulation well organized.

B. Clean Cars 4 All Program

Overview

AB 630 requires CARB to create guidelines for the Clean Cars 4 All Program by January 1, 2019. The sections described below are intended to be consistent with the provisions that currently exist for the EFMP and EFMP Plus-Up programs, to ensure a smooth transition from EFMP Plus-Up to Clean Cars 4 All.

Section 2630. Purpose

This section describes authority and context for regulation.

Section 2631. Definitions

The definitions in this section are shared with EFMP, as the programs address the same fundamental issue and share a similar purpose.

Section 2632. Program Administration

These administration provisions are necessary for carrying out the purpose and intent of AB 630. The one million population threshold corresponds to the largest five air districts, all of which have significant air quality problems and low-income populations. This is consistent with Health and Safety Code section 44125 d 4 and d 5, which requires the program to be focused where the greatest air quality impact can be identified. AB 630 also directs CARB to focus Clean Cars 4 All on achieving benefits to low-income State residents. The one million population threshold is also consistent with what is proposed for the EFMP Scrap and Replace section in this ISOR. In addition, quarterly reporting from air districts to CARB ensures CARB is able to monitor the each district's progress with sufficient detail and frequency. These reports will also provide the information necessary for CARB to meet its annual reporting requirements, as set out in AB 630.

Section 2633. Annual Reporting

AB 630 requires CARB to report specific information annually. This information includes, but is not limited to, program funds expended, overall program

performance relative to established goals, and analyses of each air district's performance.

Section 2634. Program Limits

This section is needed to facilitate coordination with other incentives programs and to maximize the benefits to low-income participants.

Section 2635. Scrapped Vehicle Minimum Eligibility Requirements

This section is needed to clearly define the eligibility criteria required to scrap vehicles through Clean Cars 4 All, which includes some form of a functionality test to ensure that vehicles have sufficient functionality to be driven on the road. The functionality requirement is necessary to ascertain that the program is scrapping vehicles that have useful life remaining, rather than vehicles that would be scrapped anyway because they are at the end of their useful lives. Scrapping vehicles that have no useful life remaining does not result in a worthwhile and cost-effective air pollution benefit.

Section 2636. Ineligible Vehicles

These provisions are designed to specifically ensure that all vehicles participating in the program are privately owned and being driven in California.

Section 2637. Program Elements

This section would provide minimum criteria that must be met by participating air districts, while leaving enough flexibility to allow CARB to make changes, if necessary, each year based on the annual progress evaluations that AB 630 requires. Such flexibility is also necessary to ensure the program can coordinate and integrate with related incentive programs, which is also required by AB 630. In addition, this flexibility gives participating air districts the ability to adapt their programs to meet regional needs and make the best use of existing resources and capabilities.

Section 2638. Parts Recycling and Resale

This section is needed to ensure that emission reductions gained through the program are real and that parts from retired vehicles are not sold and re-used. It also ensures that the dismantling process is conducted legally, minimizing adverse environmental impact.

Section 2639. Records and Auditing

This section is required so that records are kept to track and evaluate program participation and performance.

Section 2639.5. Severability

This section preserves regulations to carry out purpose of authorizing statute, even if one section of the regulation is deemed invalid.

V. BENEFITS ANTICIPATED FROM THE REGULATORY ACTION, INCLUDING THE BENEFITS OR GOALS PROVIDED IN THE AUTHORIZING STATUTE

Staff's recommendation to allow additional air districts the opportunity to implement the Scrap and Replace program ensures increased access for low-income consumers to clean and reliable transportation. This continues to support the goal set by SB 1275 to place in service one million zero- and near zero emission vehicles by 2023. Allowing more air districts to implement EFMP is also consistent with legislative direction from AB 630, which was passed in October 2017. Similar to preceding legislation, AB 630 ensures EFMP benefits low-income drivers living in air districts with the greatest air quality burden. The change to EFMP required by AB 630 gives greater flexibility to participants who need pickup truck replacements, allowing the program to meet the lifestyle and occupational needs of more participants.

In creating Clean Cars 4 All, AB 630 ensures EFMP Plus-Up progresses from a pilot project to a formal program. This proposed regulation creates a framework for Clean Cars 4 All that builds on and formalizes many of the concepts proven to be successful during the pilot phase. Clean Cars 4 All will continue to promote advanced technology replacement vehicles and provide environmental and economic benefits to low-income households with the greatest need. The proposed framework ensures CARB has the flexibility to make periodic adjustments to the program based on lessons learned and continued engagement with community members. Such flexibility will also allow Clean Cars 4 All to coordinate with other light-duty incentive programs that help low-income consumers, such as Financing Assistance and Car Sharing that help low-income consumers.

Overall, this proposed regulation builds on the success of the existing EFMP Scrap and Replace program. Data from the program's first 30 months show that a typical participant scraps a 20-year-old vehicle with 200,000 miles, replacing it with a three-year-old car with more than triple the fuel efficiency. A more detailed statistical analysis demonstrating the program's achievements to date is provided in Appendix G.

Beyond those already occurring under the existing EFMP Retire and Replace program and EFMP Plus-Up, there are no expected additional benefits to public safety, worker safety, or to the environment as a result of this proposed regulation. Moreover, the benefits to public health currently being achieved by the existing programs through improving air quality and reducing GHG emissions will not be altered by this proposed regulation.

VI. AIR QUALITY

Overall, the EFMP and Clean Cars 4 All programs are expected to continue collectively reducing smog-forming emissions by 1.7 tons per day. Under current funding, staff expects Scrap-only participation to maintain annual retirements of 25,000 vehicles. Although it reaches fewer participants, Scrap and Replace achieves greater emission benefits per scrapped vehicle compared to Scrap-only. It does so by ensuring participants replaced their scrapped vehicles with the cleanest available vehicles. Scrap and Replace also ensures these benefits are focused in areas of the State with the greatest air quality burden. Table VI-1 displays current program emission benefits NOx, ROG, PM, and GHG for both current Retirement-Only and Retire and Replace programs. A more detailed analysis of current and projected emission benefits is provided in Appendix D.

Table VI-1: Current EFMP Emission Benefits

Program	Number of Vehicles	Emission Reductions tons per day	
		Criteria	GHG
Retirement-Only	25,000	1.68	66
Retire and Replace	1,200	0.02	10
	26,200	1.7	76

The proposed regulation makes relatively minor, technical changes to the existing programs which complement existing efforts to increase participation in existing air districts and expand to new air districts. Staff anticipates the Scrap and Replace formerly Retire and Replace and Clean Cars 4 All will provide annual incentives for approximately 4,700 participants, resulting in the emission benefits estimated in Table VI-2. However, as the State's light-duty fleet modernizes, the differences in per vehicle emission benefits between Scrap-only and Scrap and Replace and Clean Cars 4 All are expected to decrease.

Table VI-2: Anticipated EFMP and Clean Cars 4 All Emission Benefits

Program	Number of Vehicles	Emission Reductions tons per day	
		Criteria	GHG
Scrap-Only	25,000	1.68	66
Scrap and Replace	700	0.01	6
Clean Cars 4 All	4,000	0.08	33
Total	29,700	1.77	105

VII. ENVIRONMENTAL ANALYSIS

A. Introduction

This chapter provides the basis for CARB's determination that the proposed guidelines for EFMP and Clean Cars 4 All are exempt from the requirements of California Environmental Quality Act (CEQA). A brief explanation of this determination is provided in section B below. CARB's regulatory program, which involves the adoption, approval, amendment, or repeal of standards, rules, regulations, or plans for the protection and enhancement of the State's ambient air quality, has been certified by the California Secretary for Natural Resources under Public Resources Code section 21080.5 of CEQA 14 CCR 15251 d. Public agencies with certified regulatory programs are exempt from certain CEQA requirements, including but not limited to, preparing environmental impact reports, negative declarations, and initial studies. CARB, as a lead agency, prepares a substitute environmental document referred to as an "Environmental Analysis" or "EA" as part of the Staff Report prepared for a proposed action to comply with CEQA 17 CCR 60000-60008. If the proposed guidelines for EFMP and Clean Cars 4 All programs are finalized, a Notice of Exemption will be filed with the Office of the Secretary for the Natural Resources Agency and the State Clearinghouse for public inspection.

B. Analysis

CARB has determined that the proposed guidelines for EFMP and Clean Cars 4 All are exempt from CEQA under the general rule or "common sense" exemption 14 CCR 15061 b 3. CEQA Guidelines states "the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA". The proposal is also categorically exempt from CEQA under the "Class 8" exemption 14 CCR 15308 because it is an action taken by a regulatory agency for the protection of the environment.

EFMP and Clean Cars 4 All are voluntary accelerated vehicle scrap programs focused towards low-income vehicle owners to scrap, or scrap and replace their existing older, more polluting vehicles with cleaner advanced technology vehicles or alternative transportation mobility options. The proposed guidelines formally establish the Clean Cars 4 All Program per AB 630, but do not make changes to existing program budgets or incentive amounts. Building upon the framework of SB 459 Pavley, Chapter 437, Statutes of 2013, Clean Cars 4 All and EFMP will continue to focus efforts towards low-income consumers in and near disadvantaged communities with increased emphasis on community outreach, consumer protections and education. Flexible guidelines permitting tailored local implementation to best meet consumer needs and increased incentive amounts

for the cleanest available technology replacement vehicles will continue to encourage participation in accelerating fleet turnover and provide meaningful air quality benefits.

Based on CARB's review it can be seen with certainty that there is no possibility that the proposed guidelines for EFMP and Clean Cars 4 All may result in a significant adverse impact on the environment. Further, the proposed action is designed to protect the environment and CARB found no substantial evidence indicating the proposal could adversely affect air quality or any other environmental resource area, or that any of the exceptions to the exemption applies 14 CCR 15300.2. Therefore, this activity is exempt from CEQA.

VIII. ENVIRONMENTAL JUSTICE

State law defines environmental justice (EJ) as the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies. Government Code, section 65040.12, subdivision c. CARB is committed to making environmental justice an integral part of its activities. The Board approved its Environmental Justice Policies and Actions on December 13, 2001, to establish a framework for incorporating environmental justice into CARB's programs consistent with the directives of State law. These policies apply to all communities in California but recognize that environmental justice issues have been raised more in the context of low-income and minority communities.

Staff's recommendations are consistent with the EJ policies outlined above. EFMP and Clean Cars 4 All will continue to focus on providing access to clean transportation or mobility options and ensuing health benefits to low-income communities. The Scrap-only changes made in 2014, which incorporate SB 459 Pavley, Chapter 437, Statutes of 2013 direction to limit participation to low-income participants, have proven successful as this component remains continually oversubscribed. Staff's recommendation to continue the Scrap-only program in its current form ensures that one-hundred percent of the funding available for this program continues to benefit low-income communities statewide in reducing smog-forming emissions and subsequent health related ailments.

Staff is not proposing to make any changes to the Scrap and Replace program's tiered incentive structure. This structure provides the highest incentives to participants with the greatest economic need, and helps low-income and disadvantaged community members gain access to the cleanest replacement vehicles. Strong consumer protections and education are also fundamental to the success of EFMP and Clean Cars 4 All, as they ensure the benefits to low-income consumers are maximized and that participants are able to find the car that best suits their lifestyle.

Staff's continued consideration for economic feasibility and advanced vehicle technology availability with respect to low-income consumers provide the basis for the recommended minimum replacement vehicle fuel efficiency and model year requirements. Staff's proposed Clean Cars 4 All framework contains the flexibility necessary for the program to continually adapt to changes in advanced technology vehicle market conditions, as well as other economic factors affecting participation in low-income communities.

IX. ECONOMIC IMPACTS ASSESSMENT

A. Potential Cost Impacts of the Proposed Regulation

The proposed guidelines do not significantly affect or otherwise alter the economic benefit that businesses have received or will continue to receive from their participation in EFMP or Clean Cars 4 All. There are no compliance costs because EFMP and Clean Cars 4 All are voluntary incentive programs and do not require mandatory participation by businesses. The proposed guidelines will not adversely impact California businesses or consumers since they will participate only if it is financially beneficial. Businesses that may be slightly affected by the changes to the existing programs include licensed dismantlers and car dealerships, as the number of vehicles processed through these entities may shift slightly from existing trends. These impacts, if any, are expected to be short-term; over the long-term there are no adverse economic impacts to either dismantlers or dealers. EFMP and Clean Cars 4 All could cause an infusion of activity, however, this activity is not directly linked to the proposed guidelines in this staff report, which do not make significant changes to the current or future program implementation. Given the scale of normal vehicle attrition or purchase these effects would be early, not necessarily extra, and would likely even out over time. The proposed recommendations in this staff report do not make changes to the current or future implementation of EFMP and Clean Cars 4 All.

1. Alternatives: Impact on Small Business

The Board has not identified any alternatives that would lessen any adverse impact on small business. No alternative considered by the agency would be more effective in carrying out the purpose for which the regulation is proposed or would be as effective as or less burdensome to affected private persons than the proposed regulation.

B. Major Regulations

Health and Safety Code section 57005 requires CARB to perform an economic impact analysis of submitted alternatives to a proposed measure before adopting any major regulation. A major regulation is defined as a regulation that will have a potential cost to California business enterprises in an amount exceeding \$10 million. Staff estimates the cost of the proposed amendments to California is significantly less than \$10 million and is therefore not a major regulation.

C. Significant Adverse Economic Impact Directly Affecting Business

EFMP was implemented beginning in 2010 and has funding through the end of 2024⁷. The threshold for determining a significant adverse economic impact is \$1,000,000 per year; staff projects that the financial impacts to the existing program will be less than \$1,000,000 annually to dismantlers and car dealerships. Based on the directives of AB 630, the proposals would positively impact low-income consumers by continuing to evaluate and adjust program metrics to best serve and benefit the targeted low-income population.

Businesses that may benefit include those dismantlers and car dealers participating in EFMP and Clean Cars 4 All. For dismantlers that are not participating in EFMP or Clean Cars 4 All, the amended program will slightly decrease the total number of vehicles scrapped annually, whereas for car dealerships, it is expected to modestly increase vehicle sales by increasing the number of vehicles replaced. This modest increase for car dealerships will not be great enough to result in the expansion of current businesses.

This regulation amends existing regulations for the scrapping and replacement of vehicles. Therefore, the regulation is not expected to have any effect on the creation or elimination of jobs. The regulation is also not expected to affect the creation or elimination of any businesses.

D. Cost-Effectiveness

Cost-effectiveness is a metric used to ensure that public funds are well spent and achieve the maximum air quality benefit. As an example, the Carl Moyer Program Incentives Program limits projects to those not exceeding a cost-effectiveness of \$30,000 per weighted ton of HC, NOx and PM reduced. AB 630 directs that cost-effectiveness be considered, but does not specify a cost effectiveness limit for EFMP and Clean Cars 4 All. The tables shown below summarize the funds spent with respect to vehicles scrapped and replaced. What the tables are unable to reflect are the other factors that significantly contribute to the overall benefits derived from participation in these programs. By focusing the program on low-income drivers in areas of the State with the greatest air quality burden, EFMP and Clean Cars 4 All help households who stand to benefit the most from owning a newer, cleaner, and more reliable car. Replacing an older and less-reliable car with an advanced technology vehicle also reduces the overall cost of car ownership through increased fuel efficiency, reduced repair costs, and fewer days missed at work. Reducing the cost of ownership increases participants' disposable income and therefore also helps to

⁷ AB 8, Perea. Alternative Fuels and Technology: Funding Programs.

stimulate local economies of the State's disadvantaged and low-income communities.

Table IX-1 summarizes the cost effectiveness for EFMP and Clean Cars 4 All program scenarios. Cost effectiveness will vary depending on the age of the scrapped vehicle and the incentive option chosen by participants. As shown, criteria pollutant NOx, ROG, and PM cost effectiveness is estimated to range from \$21,000 per ton for Scrap-only to as much as \$184,000 per ton for Clean Cars 4 All low-income consumers purchasing a 35 mile per gallon replacement vehicle. Subsequently, Greenhouse Gas (GHG) cost-effectiveness ranges from \$500 for Scrap-only to \$900 for Scrap and Replace for the same replacement vehicle. To account for differences in participation rates and funding between EFMP and Clean Cars 4 All, overall average cost effectiveness was weighted to \$43,000 per ton. The assumptions used to weight the average replacement cost effectiveness and a detailed explanation of the methodology are contained in Appendix E. Overall, EFMP and EFMP Plus-Up and Clean Cars 4 All as proposed are resource intensive programs. The changes proposed in this rulemaking will not add any additional administrative burden. Instead, some changes will likely simplify and modestly streamline the administration burden.

Table IX-1: Estimated per Vehicle Cost Effectiveness

Consumer Program Option	Incentive Amount	Dollars per ton	
		Criteria	GHG
Scrap-Only	\$ 1,500	\$ 21,000	\$ 500
Scrap and Replace	\$ 4,000	\$ 98,000	\$ 500
Clean Cars 4 All	\$ 7,500	\$ 184,000	\$ 900
Overall Program		\$ 43,000	\$ 600

X. EVALUATION OF REGULATORY ALTERNATIVES

Government Code section 11346.2, subdivision b 4 requires CARB to consider and evaluate reasonable alternatives to the proposed regulatory action and provide reasons for rejecting those alternatives. This section discusses alternatives evaluated and provides reasons why these alternatives were not included in the proposal. As explained below, no alternative proposed was found to be less burdensome and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing law. The Board has not identified any reasonable alternatives that would lessen any adverse impact on small business.

Limit EFMP Retirement-Only Scrap-only to Participants That Live in a DAC Zip Code

BAR administers the Scrap-only component of EFMP through their Consumer Assistance Program. Consistent with the goals of AB 630, Scrap-only is

currently available to lower-income residents to help improve air quality throughout the State. This component of the EFMP program is currently over-subscribed and typically exhausts funding several months prior to the end of the fiscal year. Staff considered the efficacy of limiting the program to participants that live in a DAC in order to more closely align the guidelines for both components of the program. Given that the Retire and Replace program is available only to residents of implementing air districts, many low-income drivers-especially those living in rural areas-would have no option to scrap their vehicle if the Scrap-only program was limited to DAC zip codes. Moreover, the vast majority of DAC zip codes are concentrated in air districts that either currently implement the Retire and Replace program or are expected to in the near future. Keeping the program available statewide ensures that all low-income drivers in the State have access to at least one scrap program. As such, staff rejects this alternative.

Require Minimum Buy-in For Participants

This alternative would require all participants to pay at least \$1,000 towards the purchase of their replacement vehicle. Staff believes that requiring a nominal "buy-in" from program participants would further encourage participants to choose a replacement vehicle that better fits their transportation needs rather than choosing solely based on the fact that the incentive amount would cover the full purchase price of the replacement. To date, the average replacement vehicle cost to participants after the incentive is applied exceeds \$12,000. Nonetheless, stakeholders expressed concern that this would create a significant barrier to entry for many low-income drivers, and recommended CARB not pursue this option. Taking this feedback into account, staff rejects this alternative.

Retain existing Mobility Option Incentive Amount

In June 2017, the Board indicated a desire to increase participation in the mobility option also referred to as the alternative transportation mobility or alternative mobility option. To date, only two people have participated in this option. Staff considered retaining the existing incentive amounts for the mobility option up to \$4,500, as there are additional factors that affect participation in the option, such as the availability of adequate public transit options in each district. Considering input from stakeholders, staff determined that increasing the incentive amount to \$7,000-which is equal to the maximum incentive currently available for hybrid vehicles-would likely increase the attractiveness of the mobility option, especially as other mobility pilot projects are launched. Staff therefore determines this alternative not to be feasible.

Allow the Mobility Option to Include Bicycles

CARB has received input from stakeholders suggesting bicycles including electric-power bicycles be eligible for funding as part of the mobility option voucher. However, as AB 630 defines the mobility option to mean a voucher for public transit or car sharing, staff concludes that CARB does not have the

authority to fund bicycles as part of this option. As such staff determines this alternative is not feasible. Although CARB cannot fund bicycles through EFMP or Clean Cars 4 All, staff will consider ways this could be done via a future GGRF-supported pilot project.

Small Business Alternative

The Board has not identified any adverse impact to a small business.

Performance Standards in Place of Prescriptive Standards

Both EFMP and Clean Cars 4 All are voluntary incentive programs. Therefore, the proposed regulation does not does not mandate the use of specific technologies or equipment.

Health and Safety Code section 57005 Major Regulation Alternatives

The proposed regulation will not result in a total economic impact on State businesses of more than \$10 million in one or more years of implementation. Therefore, this proposal is not a major regulation as defined by Health and Safety Code section 57005.

XI. JUSTIFICATION FOR ADOPTION OF REGULATIONS DIFFERENT FROM FEDERAL REGULATIONS CONTAINED IN THE CODE OF FEDERAL REGULATIONS

Government Code section 11346.2 b 6 requires CARB to describe its efforts to avoid unnecessary duplication or conflicts with federal regulations contained in the Code of Federal Regulations that address the same issues.

The "Consumer Assistance to Recycle and Save Act of 2009" Pub.L. No. 111-32 June 24, 2009 123 Stat. 1909. created the Consumer Assistance to Recycle and Save Program, administered by the National Highway Traffic Safety Administration NHTSA - commonly known as the "Cash for Clunkers" program. NHTSA subsequently created the program through regulation, contained in the Code of Federal Regulations, title 49, part 599. This program addresses similar issues to the EFMP and Clean Cars 4 All programs, in that it provided up to \$4,500 to participants that traded-in and purchased eligible vehicles. Although still in the Code of Federal Regulations, this program only operated between July 1, 2009 and November 1, 2009.

EFMP and Clean Cars 4 All do not unnecessarily duplicate the federal program, in part, because the federal program is no longer operative. Beyond this, EFMP and Clean Cars 4 All have many other distinctions, including different subsidy amounts, subsidy amounts keyed to income, high mileage requirements, and advanced technology subsidies. Further, EFMP and Clean Cars 4 All do not rely on and federal authorization, but are instead independently authorized by State law see Health and Safety Code, §§ 44124.5-44127.

**XII. PUBLIC PROCESS FOR DEVELOPMENT OF THE PROPOSED ACTION
PRE-REGULATORY INFORMATION**

Consistent with Government Code sections 11346, subdivision b, and 11346.45, subdivision a, and with the Board's long-standing practice, CARB staff held public workshops and meetings with interested parties during the development of the proposed regulation. These informal pre-rulemaking discussions provided staff opportunities to engage with interested stakeholders and solicit input for consideration in the development of the proposed EFMP and Clean Cars 4 All program guidelines presented.

The EFMP Plus-Up Pilot Project, soon to formally become Clean Cars 4 All, is one of a suite of equity pilot projects developed in the Low Carbon Transportation LCT Investments and Air Quality Improvement Program AQIP annual Funding Plan. There are a number of public workshops and workgroups held throughout the fiscal year to garner public comment on LCT projects, funding, and guidelines established and updated within the Funding Plan. Table XII-1 below summarizes the timeline and public opportunities to comment on the EFMP Plus-Up project through separate EFMP meeting events or the Funding Plan process during fiscal year 2017-18. Holding these workshops prior to rulemaking allows the public and interested stakeholders multiple opportunities to comment.

Table XII-1: Fiscal Year 2017-18 Public Meetings for EFMP

Date	Public Meeting Title	Meeting Type
Dec. 14, 2017	Public Meeting to Consider Approval of the Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives	Public CARB Board Meeting
Oct. 4, 2017	Public Workshop on Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives	LCTI and AQIP Funding Plan Workgroup
June 22, 2017	Public Meeting to Hear an Informational Update on the Enhanced Fleet Modernization Program and Plus-Up Car Scrap and Replace Programs	EFMP Update at Public CARB Board Meeting
Mar. 17, 2017	Work Group Meeting for Light-Duty Equity Pilot Projects	LCTI and AQIP Funding Plan Workgroup
Feb. 24, 2017	Discuss CARB's proposed budget for EFMP Plus-Up for Fiscal Year 17-18	LCTI and AQIP Funding Plan Workgroup
Feb. 6, 7, 13, 2018	Public Workshop on Guidelines for the Clean Cars 4 All and Enhanced Fleet Modernization Programs	Public Workshop Meetings

XIII. REFERENCES

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XIV. APPENDICES

APPENDIX A: PROPOSED REGULATION ORDER

APPENDIX B: HEALTH AND SAFETY CODE SECTION 44124-44127

APPENDIX C: INCOME ELIGIBILITY AND VEHICLE AFFORDABILITY

APPENDIX D: EMISSIONS BENEFITS

APPENDIX E: COST EFFECTIVENESS

APPENDIX F: USEFUL LIFE STUDY

APPENDIX G: CURRENT EFMP RETIRE AND REPLACE STATISTICS