

TITLE 13. CALIFORNIA AIR RESOURCES BOARD

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

The California Air Resources Board (CARB or Board) will conduct a public hearing at the time and place noted below to consider approving for adoption the proposed guidelines for the Clean Cars 4 All Program (Clean Cars 4 All) and the Enhanced Fleet Modernization Program (EFMP).

DATE: July 26, 2018

TIME: 9:00 a.m.

LOCATION: California Environmental Protection
Agency Air Resources Board
Coastal Hearing Room
1001 I Street
Sacramento, California 95814

This item will be considered at a meeting of the Board, which will commence at 9:00 a.m., July 26, 2018, and may continue at 8:30 a.m., on July 27, 2018. Please consult the agenda for the hearing, which will be available at least ten days before July 26, 2018, to determine the day on which this item will be considered.

WRITTEN COMMENT PERIOD AND SUBMITTAL OF COMMENTS

Interested members of the public may present comments orally or in writing at the hearing and may provide comments by postal mail or by electronic submittal before the hearing. The public comment period for this regulatory action will begin on June 8, 2018. Written comments not physically submitted at the hearing must be submitted on or after June 8, 2018, and received **no later than 5:00 p.m. on July 23, 2018**. CARB requests that, when possible, written and email statements be filed at least ten days before the hearing to give CARB staff and Board members additional time to consider each comment. The Board also encourages members of the public to bring to the attention of staff in advance of the hearing any suggestions for modification of the proposed regulatory action. Comments submitted in advance of the hearing must be addressed to one of the following:

Postal mail: Clerk of the Board, California Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Please note that under the California Public Records Act (Gov. Code, § 6250 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request.

Additionally, the Board requests but does not require that persons who submit written comments to the Board reference the title of the proposal in their comments to facilitate review.

AUTHORITY AND REFERENCE

This regulatory action is proposed under the authority granted in California Health and Safety Code, sections 39600, 39601, 44124, 44124.5, 44125, 44125.5, 44127, and 44274. This action is proposed to implement, interpret, and make specific sections 44124, 44124.5, 44125, 44125.5, 44127, and 44274, California Health and Safety Code.

INFORMATIVE DIGEST OF PROPOSED ACTION AND POLICY STATEMENT OVERVIEW (GOV. CODE, § 11346.5, subd. (a)(3))

Sections Affected: Proposed amendments to California Code of Regulations, title 13, sections 2620, 2621, 2622, 2623, 2624, 2626, 2627, 2629, and 2630 (renumber to section 2629.5).

Proposed adoption to California Code of Regulations, title 13, sections 2622.5, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, and 2639.5.

Background and Effect of the Proposed Regulatory Action:

Voluntary accelerated vehicle retirement or "scrap and replace" programs provide financial incentives to consumers to retire older, higher-polluting and less 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.

The existing voluntary incentive program, EFMP, has two distinct component programs:

1. Retirement-only program
2. Retire and Replace program

The Bureau of Automotive Repair (BAR) operates the retirement-only component of EFMP, which is available statewide and provides \$1,500 to low-income (<225 percent of the Federal Poverty Level) participants to scrap their high-emitting vehicles. BAR began operating this program in 2010 and typically retires about 25,000 vehicles annually. These retirements are in addition to those achieved by BAR's Consumer Assistance Program, which provides funding to consumers for scrapping vehicles that have failed a Smog Check.

The EFMP Retire and Replace component is overseen by CARB and implemented by local air districts. This component is complemented by the EFMP Plus-Up Pilot Project (EFMP Plus-Up), which provides higher incentives to participants who purchase advanced technology replacement vehicles. Currently, EFMP and EFMP Plus-Up

Retire and Replace programs exist in the South Coast Air Quality Management District and San Joaquin Valley Air Pollution Control District.

Recently enacted legislation requires CARB to update the EFMP guidelines, as well as create guidelines for a new vehicle replacement program. Assembly Bill (AB) 630 (Cooper, Chapter 636, Statutes of 2017) establishes the Clean Cars 4 All Program, administered by CARB, to focus on replacing high-polluting vehicles with cleaner and more efficient vehicles. This new Clean Car 4 All Program will, in effect, replace the existing EFMP Plus-Up. CARB must develop formal guidelines for Clean Cars 4 All and have them approved by the Board before January 1, 2019. AB 630 also requires CARB to set goals annually for both EFMP and Clean Cars 4 All and to evaluate each air district's performance and progress towards those goals.

CARB may also consider other changes to the sections affected, as listed on page two of this notice, during the course of this rulemaking process.

Objectives and Benefits of the Proposed Regulatory Action:

The objective of this rulemaking is to meet the requirements of AB 630 (Cooper, Chapter 636, Statutes of 2017) which was signed into law on October 10, 2017. This legislation establishes the Clean Cars 4 All Program, codifying EFMP Plus-Up as a formal program and changing its name. AB 630 directs CARB to finalize guidelines for Clean Cars 4 All and update the EFMP guidelines by January 1, 2019.

CARB staff hosted three workshops in the South Coast, San Joaquin Valley, and Sacramento air districts in February 2018 to discuss how best to design the Clean Cars 4 All guidelines and update the current EFMP guidelines. Staff used the input gained from community members and stakeholders during these meetings to draft the proposed guidelines.

The goal of the EFMP Retire and Replace program is to incentivize lower-income California motorists to scrap their older, high-emitting cars and replace them with newer, cleaner and more fuel efficient cars. This reduces smog-forming pollutants (NO_x and ROG) to help meet State and Federal air quality standards. While criteria pollutant benefits were the primary motivation for the EFMP program, EFMP Plus-Up is focused on greenhouse gas (GHG) reductions and advancing the market for advanced technology vehicles among low-income households. Together, EFMP and EFMP Plus-Up support California's goals for reductions in GHG emissions (AB 32 Nunez, Chapter 488, Statutes of 2006), and zero-and near-zero emission vehicle deployment (SB 1275 De León, Chapter 530, Statutes of 2014).

In establishing Clean Cars 4 All, the intent of AB 630 was to codify EFMP Plus-Up into a formal, stand-alone program in statute. The Clean Cars 4 All guidelines proposed in this regulation are therefore intended to seamlessly transition EFMP Plus-Up to Clean Cars 4 All without making any abrupt changes to program requirements. The benefit of this approach is to minimize any disruptions to successful ongoing programs when the time comes for them to transition from EFMP Plus-Up to Clean Cars 4 All. The proposed regulation for Clean Cars 4 All would not alter the emission benefits achieved by the current program.

The changes proposed in this regulation 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 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. As with the proposed Clean Cars 4 All regulation, the proposed changes to the EFMP regulation would not affect the emissions benefits achieved by the current program.

Beyond the benefits 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.

Comparable Federal Regulations:

There are no federal regulations comparable to the proposed regulation. The proposed regulation defines the incentive programs' structure and establishes administrative and implementation requirements. These programs do not conflict with federal regulations.

An Evaluation of Inconsistency or Incompatibility with Existing State Regulations (Gov. Code, § 11346.5, subd. (a)(3)(D)):

During the process of developing the proposed regulatory action, CARB conducted a search of any similar regulations on this topic and concluded these regulations are neither inconsistent nor incompatible with existing state regulations.

DISCLOSURE REGARDING THE PROPOSED REGULATION

The determinations of the Board's Executive Officer concerning the costs or savings incurred by public agencies and private persons and businesses in reasonable compliance with the proposed regulatory action are presented below.

Fiscal Impact/Local Mandate Determination Regarding the Proposed Action (Gov. Code, § 11346.5, subds. (a)(5)&(6)):

Under Government Code sections 11346.5, subdivision (a)(5) and 11346.5, subdivision (a)(6), the Executive Officer has determined that the proposed regulatory action would not create costs or savings to any State agency or in federal funding to the State, costs or mandate to any local agency or school district, whether or not reimbursable by the State under Government Code, title 2, division 4, part 7 (commencing with section 17500), or other nondiscretionary cost or savings to State or local agencies.

Housing Costs (Gov. Code, § 11346.5, subd. (a)(12)):

The Executive Officer has also made the initial determination that the proposed regulatory action will not have a significant effect on housing costs.

Significant Statewide Adverse Economic Impact Directly Affecting Business, Including Ability to Compete (Gov. Code, §§ 11346.3, subd. (a), 11346.5, subd. (a)(7), 11346.5, subd. (a)(8)):

The Executive Officer has made an initial determination that the proposed regulatory action would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, or on representative private persons.

Results of The Economic Impact Analysis/Assessment (Gov. Code, § 11346.5, subd. (a)(10)):

NON-MAJOR REGULATION: Statement of the Results of the Economic Impact Assessment (EIA):

Effect on Jobs/Businesses:

The Executive Officer has determined that the proposed regulatory action would not affect the creation or elimination of jobs within the State of California, the creation of new businesses or elimination of existing businesses within the State of California, or the expansion of businesses currently doing business within the State of California. A detailed assessment of the economic impacts of the proposed regulatory action can be found in the Economic Impact Analysis in the Initial Statement of Reasons (ISOR).

Benefits of the Proposed Regulation:

The objective of the proposed regulatory action is to meet the requirements of AB 630, which include creating guidelines for Clean Cars 4 All and updating the existing EFMP guidelines by January 1, 2019.

A summary of these benefits is provided; please refer to "Objectives and Benefits of the Proposed Regulatory Action", under the Informative Digest of Proposed Action and Policy Statement Overview pursuant to Government Code 11346.5(a)(3) discussion on page three.

Business Report (Gov. Code, §§ 11346.5, subd. (a)(11), 11346.3, subd. (d)):

In accordance with Government Code sections 11346.5, subdivisions (a)(11) and 11346.3, subdivision (d), the Executive Officer finds the reporting requirements of the proposed regulatory action which apply to businesses are necessary for the health, safety, and welfare of the people of the State of California.

Cost Impacts on Representative Private Persons or Businesses {Gov. Code.§ 11346.5, subd. (a){9}}:

In developing this regulatory proposal, CARB staff evaluated the potential economic impacts on representative private persons or businesses. The proposed regulation is making minor changes to the existing EFMP, as well as codifying EFMP Plus-Up into a formal program without making any substantive changes to how it is currently operating. These changes are not intended to significantly alter the costs of the existing programs. As such, CARB is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Small Business (Cal. Code Regs., tit. 1, § 4, subds. {a} and {b}):

The Executive Officer has also determined under California Code of Regulations, title 1, section 4, that the proposed regulatory action would not affect small businesses. The proposed regulation makes relatively minor changes to existing incentive programs, and these changes have no relation to the effect of the existing programs on small businesses.

Consideration of Alternatives (Gov. Code.§ 11346.5, subd. (a)(13)):

Before taking final action on the proposed regulatory action, the Board must determine that no reasonable alternative considered by the Board, or that has otherwise been identified and brought to the attention of the Board, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law. For additional information, see section X, "Evaluation of Regulatory Alternatives" in the ISOR.

ENVIRONMENTAL ANALYSIS

CARB, as the lead agency for the proposed regulation, has prepared an environmental analysis (EA) under its certified regulatory program (California Code of Regulations, title 17, sections 60000 through 60008) to comply with the requirements of the California Environmental Quality Act (CEQA; Public Resources Code section 21080.5). The EA determined that the proposed regulation would not result in any significant adverse impacts on the environment. The basis for reaching this conclusion is provided in Chapter VII of the ISOR. Written comments on the EA will be accepted during a 45-day public review period starting on June 8, 2018, and ending at 5:00 p.m. on July 23, 2018.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language; and
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than ten business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la secci6n 7296.2 del C6digo de Gobierno de California, una acomodaci6n especial o necesidades lingufsticas pueden ser suministradas para cualquiera de los' siguientes:

- Un interprete que este disponible en la audiencia;
- Documentos disponibles en un formate alterno u otro idioma; y
- Una acomodaci6n razonable relacionados con unaincapacidad.

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo mas pronto posible, pero no menos de 10 dias de trabajo antes del dfa programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisi6n de Mensajes de California

AGENCY CONTACT PERSONS

Inquiries concerning the substance of the proposed regulatory action may be directed to the agency representative Aaron Hilliard, Manager, Alternative Strategies Section, at (916) 322-4781 or Nicholas Nairn-Birch, Air Resources Engineer, Alternative Strategies Section, at (626) 575-6746.

AVAILABILITY OF DOCUMENTS

CARB staff has prepared a Staff Report: ISOR for the proposed regulatory action, which includes a summary of the economic and environmental impacts of the proposal. The report is titled: Public Hearing to Consider Proposed Guidelines for the Clean Cars 4 All Program and the Enhanced Fleet Modernization Program.

Copies of the ISOR and the full text of the proposed regulatory language, in underline and strikethrough format to allow for comparison with the existing regulations, may be accessed on CARB's website listed below, or may be obtained from the Public Information Office, California Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814, on June 5, 2018.

Further, the agency representative to whom non-substantive inquiries concerning the proposed administrative action may be directed is Bradley Bechtold, Regulations Coordinator, (916) 322-6533. The Board staff has compiled a record for this rulemaking action, which includes all the information upon which the proposal is based. This material is available for inspection upon request to the contact persons.

HEARING PROCEDURES

The public hearing will be conducted in accordance with the California Administrative Procedure Act, Government Code, title 2, division 3, part 1, chapter 3.5 (commencing with section 11340).

Following the public hearing, the Board may take action to approve for adoption the regulatory language as originally proposed, or with non-substantial or grammatical modifications. The Board may also approve for adoption the proposed regulatory language with other modifications if the text as modified is sufficiently related to the originally proposed text that the public was adequately placed on notice and that the regulatory language as modified could result from the proposed regulatory action. If this occurs, the full regulatory text, with the modifications clearly indicated, will be made available to the public, for written comment, at least 15-days before final adoption.

The public may request a copy of the modified regulatory text from CARB's Public Information Office, Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, First Floor, Sacramento, California, 95814.

FINAL STATEMENT OF REASONS AVAILABILITY

Upon its completion, the Final Statement of Reasons (FSOR) will be available and copies may be requested from the agency contact persons in this notice, or may be accessed on CARB's website listed below.

INTERNET ACCESS

This notice, the ISOR, and all subsequent regulatory documents, including the FSOR, when completed, are available on CARB's website for this rulemaking at <http://www.arb.ca.gov/regact/2018/cc4a18/cc4a18.htm>

CALIFORNIA AIR RESOURCES BOARD


Richard W. Corey
Executive Officer

Date: May 22, 2018

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.arb.ca.gov.