***Comments***

***Of***

***James B. Appleton, President***

***New Jersey Coalition of Automotive Retailers (NJCAR)***

***Before the***

***California Air Resources Board Public Workshop***

***on***

***Amendments to the Advanced Clean Cars II Regulations***

***Wednesday, June 26, 2024***

Thank you for the opportunity to weigh in on the California Air Resources Board’s (CARB’s) [Public Workshop](https://content.govdelivery.com/accounts/CARB/bulletins/3a06840) on “Amendments to the Advanced Clean Cars II Regulations” (ACC2).

The New Jersey Coalition of Automotive Retailers (NJCAR) is the statewide trade association that represents New Jersey’s 500+ franchised new car and truck retailers. New Jersey is a CARB state and, as such, the CARB rules and in particular ACC2 will have a significant impact on this $43B per year industry and the 37,000 men and women who make their living selling and servicing cars and trucks in the Garden State.

The new car and truck dealers that NJCAR represents in the State of New Jersey acknowledge climate change is real and that automakers and auto retailers must play a role in reducing the carbon footprint of the light and medium duty transportation sector. NJCAR members are committed to selling EVs. Automakers have invested hundreds of billions of dollars to design and build new and exciting zero emission vehicles. And the dealers we represent in New Jersey have spent more than $200M in just the past 2 years on tools, equipment and training to sell and service EVs. The State of New Jersey has offered $90M over the past 3 years in cash-on-the-hood incentives and for decades, now, has offered a sales tax exemption on EVs as an added incentive to buy. Our members currently offer more than 40 models with a plug and over the next few years that number will grow to more than 140 BEVs or PHEVs.

But, despite all that, New Jersey last year failed to meet the 23% ZEV mandate imposed by the CARB rules; we barely hit 11%, less than half the required market penetration. Indeed, we understand that even California hasn’t met the mandate set by CARB. All of which begs the questions: are the CARB mandates reasonable? Are they achievable even in the Golden State? In response, Maine, Virginia and Connecticut have all come to the apparent conclusion “no, the CARB mandates are not reasonable or achievable” so they have reverted to the federal rule. Legislators on both sides of the aisle in New Jersey disagree with the Governor’s decision to adopt ACC2 and New Jersey may not be far behind.

California has long prided itself on the privilege of having Congressional authority to exercise unilateral choices for clean air solutions for its local citizens, but its choices affect consumers nationwide. While we understand CARB’s mandate is to regulate the California new car market, you must be aware that ACC2 affects many other states and that your decisions drive markets comprising nearly 40% of all light vehicle sales in the United States. As the ZEV mandates ramp up, the CARB rules will severely limit consumer choice and drive up the cost of new motor vehicles in a way that will make them virtually unaffordable for working and middle-class families in affected states.

New Jersey consumers don’t live in California. New car dealers in New Jersey see thousands of customers every week coming into their dealerships interested in buying a new EV. However, most drive away in a hybrid or plug in hybrid vehicle because the cost of an EV is so much higher (even with incentives) and because they do not trust the anemic public charging infrastructure in place in the Northeast. As a result, though automakers keep shipping EVs to New Jersey dealers who must buy those cars, dealers don’t have consumers who are ready to purchase them.

As you consider amendments to ACC2, we ask you to focus on two areas:

1. Consider modifying and more closely aligning the CARB and federal rules by allowing automakers more flexibility in meeting tailpipe emissions reductions through the sale of greater numbers of PHEVs, which consumers are buying, rather than BEVs, which consumers are not; and
2. Eliminate the automaker’s ability to garner credits when vehicles are delivered for sale and replace that with a requirement that those vehicles delivered to the dealership must be sold to a customer and placed in service before the manufacturers get credit.