

# ARB 1998 Criteria and Guidelines for the Use of Motor Vehicle Registration Fees

## I. INTRODUCTION

In June 1995, the Air Resources Board (ARB or Board) first reviewed the local air quality programs funded by motor vehicle registration fees. State law authorizes air districts to assess these fees to fund implementation of the California Clean Air Act (CCAA) and to support motor vehicle air pollution control programs at the local level. The Board found that the portion of the fees used for CCAA implementation supports necessary district programs such as air monitoring, modeling, and development of emission inventories, control strategies, and air quality plans. The Board also found that these funds support many varied programs that reduce motor vehicle emissions and demonstrate new clean air technologies. However, the Board also found that program improvements could be made as more information about successful, cost-effective projects is compiled and shared statewide.

To provide guidance to recipient agencies, which include various cities, counties, congestion management agencies and air districts, the ARB approved "Criteria and Guidelines for the Use of Motor Vehicle Registration Fees" at a public meeting in June 1995. The guidelines outline four criteria for designing a local program that meets the statutory goals for use of motor vehicle registration fees. The ARB guidelines were adopted to provide a framework for local decision-making and recognize that the criteria should be applied with consideration of the nature of each district's air quality problem. The guidelines also recognize that supplementary criteria may be useful in determining what projects to fund.

ARB staff presented a status report to the Board in 1997 on statewide progress in addressing the 1995 Criteria. Staff concluded that air districts are using the money to meet clean air plan goals; that districts are applying cost-effectiveness criteria in the selection and evaluation of projects; and that accountability in the use of the funds has improved. While the overall implementation of the program was found to be sound, staff did find that an increased emphasis on cost-effectiveness would help achieve greater emission reductions.

In response, the Board directed staff to work with recipient agencies to strengthen the cost-effectiveness of the motor vehicle fee program and thus maximize the air pollution reduced by the program. Specifically, the Board directed staff to meet with stakeholders, develop further guidance on cost-effective projects, and convene a statewide technical working group to assist in the effort. In addition, the Board also directed staff to hold a conference on cost-effective projects, investigate the use of incentives to encourage cost-effectiveness, and report back to the Board.

### Outreach Process

In response to the Board's direction, ARB staff invited representatives from recipient agencies to participate on a Technical Working Group. The Working Group first met in November 1997. The staff provided a draft concept paper and received feedback from the Working Group. Staff also met with smaller groups of recipient agencies to discuss their specific concerns. In response to comments received, staff redrafted the paper into its current form.

### Statutory Requirements

The purpose of the motor vehicle registration fees as defined by state law is two-fold. Revenue from these fees is to be used "*solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act of 1988.*" (Health & Safety Code (HSC) section 44220(b)). Specific statutory requirements applicable to Sacramento pre-dated this statewide program. These requirements are consistent with the statewide requirements relative to reducing motor vehicle emissions. Funds received by Sacramento shall be used to "*implement the strategy with respect to the reduction in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures.*" (HSC section 41081(b)). Separate statutes related to the Bay Area became effective in 1992. The Bay Area funds may be used for specific types of projects specified in HSC section 44241(b). These include clean fuel buses, shuttles, traffic management, vehicle scrappage, smoking vehicle programs, ridesharing, and bicycle facilities. (See Appendix B for the text of the authorizing statutes.)

### Purpose of Addendum

The Addendum approved by the Board in June 1998 provides further ARB guidance to recipient agencies regarding the portion of the fees used to fund emission reduction projects. The 1998 Addendum builds on the existing criteria while taking into account what has been learned about successful projects over the past several years.