



California Motorcycle Dealers Association

P.O. Box 399, Lake Elsinore, CA 92531
☎ (951) 471-1500 www.camda.net

1971 to 2024 — Fifty-Three Years of Service to California's Motorcycle & Motorsports

October 28, 2024

Clerk of the Board.
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Amendments to On-Road Motorcycle Emission Standards and Test Procedures and Adoption of New On-Board Diagnostics and Zero-Emission Motorcycle Requirements

Clerk of the Board:

The CMDA submitted a response in the previous Public Comments section of proposed CARB regulation entitled "Amendments to On-Road Motorcycle Emission Standards and Test procedures and Adoption of New On-Board Diagnostics and Zero-Emission Motorcycle Requirements," that was to be considered by the Board at a January 25, 2024 hearing, but which was postponed until its new date of November 7, 2024. Please feel free to review that letter for detailed explanations as to the CMDA's concerns about this regulation that will affect all of our members in a contemporary business climate that is increasingly not beneficial to the future viability of strong motorcycle retailing in California for an arguably small amount of ROG and NOx savings to justify its impacts.

The CMDA's main unease regarding the ONMC proposed regulation concerns the ability of the motorcycle manufacturers to rightfully be expected to invest the resources required to market research, redesign, engineer, manufacture, and deliver to their dealers, our members, a full product line that will replace current models that are arguably moving very slowly in the present not very healthy sales environment, for single digit daily reductions in ROG and NOx as represented on the Figure 8 attachment.

To quickly review the CMDA's oft-stated concerns about another provision of CARB's regulation, the mandate that starting in 2028 50% of ONMC sales must be Zero Emission Motorcycle (ZEM) sales, please refer to the below attachments from the "Supplement to Economic Impact and Emissions Assessment," and the "Proposed Amendments to On-Road Motorcycle Emission Standards and Test Procedures and Adoption of New On-Road Diagnostics and Zero-Emission Motorcycle Requirements."

The CMDA is particularly concerned about consumer acceptance of the new ZEM models that introduce an entirely new concept in the motorcycle riding experience as well as a higher price tag when compared to the ICE units on the same dealership sales floor. Annual sales requirements for ZEMs, starting in 2028 are as follows: 2028–10%, 2029–15%, 2030–20%, 2031–25%, 2032–31%, 2033–37%, 2034–43% and 2035 and beyond – 50%. This introduction of ZEM sales will be experienced by the customers of the major motorcycle manufacturers selling in the United States, and not just limited to the offerings of niche OEMs.

Assuming a baseline of 50,000 ONMCs sold, starting in 2028, 5,000 ZEMs would have to be sold in the first year of the ZEM mandate. Compare that to the CARB staff estimate in the below "Table 19. ZEM and ICE Baseline Sales Projections" that estimates ZEM sales at 1,046 which is optimistic, at best, because the 2020 ZEM actual sales is approximately one-third of staff's projection of 423 ZEM units sold.

The CMDA proposes that a system of tax credits, or rebates, be introduced, not unlike how the federal and California state tax credits work for EVs. To stimulate sales for, as previously mentioned, a new concept highway motorcycle, the CMDA feels that if consumers could take advantage of a substantial tax credit, at point of purchase, acceptance of ZEMs by the public would stimulate admittedly sluggish sales, by the staff's own calculations. This tax credit would make the higher-priced ZEMs more equatable to the purchase price of a comparable ICE model, and would also help offset the cost for a home, or business, fast charging system and other costs unique to ZEMs, i.e., extra battery packs, if appropriate.

Therefore, the CMDA requests the following:

- \$3,750 tax credit, redeemable at point of sale for Tier II and Tier III ZEMs
- \$1,500 tax credit, redeemable at point of sale for Tier I ZEMs

This would be a direct attempt to stimulate consumer interest in purchasing this new concept in motorcycle use. Remember, although existing ZEMs have been commercially sold in California for 14 years, their sales percentage of total annual motorcycle sale is miniscule. For the introduction and consumer acceptance of ZEMs in California, it will take a financial incentive, not unlike that which has been available for EV automobiles and light trucks for over 14 years. We know this from recent experience.

Respectfully,
John Paliwoda,
Executive Director of the CMDA

Change in ZEM Sales Baseline Projections

ISOR ZEM baseline sales projections which impact the cost effectiveness estimates of the Proposal were based upon Staff analysis of trends in DMV data collected up through 2020. However, since posting the ISOR, Staff were able to obtain updated DMV data through 2022 that suggested Staff had slightly underestimated ZEM sales growth. However, staff were also able to obtain ZEM sales data for 2023 from individual ZEM manufacturers and the Motorcycle Industry Council (MIC) that showed large declines in California ZEM sales. Staff believes this may have been due to broad economic factors and declines in both State and Federal subsidies for ZEMs that year. Although Staff believes that the overall growth trend predicted for future ZEM sales is still appropriate, staff has adjusted the baseline to reflect the new data from MIC. This results in significant changes in ZEM baseline population out to 2050 and a decline of approximately 8,000 ZEMs. This will impact the number of ZEMs that must be produced in order to generate ZEM credits required by the program, and thus increase the compliance costs of manufacturers by forcing them to build more ZEMs earlier in the program than Staff had anticipated.

Table 19. ZEM and ICE Baseline Sales Projections

CY	ZEM		ICE						
	Units	%	Units	%					
2020	423	0.9%	47,614	99.1%	2034	1,400	2.6%	51,775	97.4%
2021	486	1.3%	36,921	98.7%	2035	1,428	2.7%	51,964	97.3%
2022	559	1.3%	43,843	98.7%	2036	1,457	2.7%	52,145	97.3%
2023	632	1.2%	50,482	98.8%	2037	1,486	2.8%	52,315	97.2%
2024	714	1.4%	50,111	98.6%	2038	1,516	2.8%	52,476	97.2%
2025	793	1.6%	50,072	98.4%	2039	1,546	2.9%	52,626	97.1%
2026	880	1.7%	50,274	98.3%	2040	1,577	2.9%	52,766	97.1%
2027	959	1.9%	50,474	98.1%	2041	1,608	3.0%	52,895	97.0%
2028	1,046	2.0%	50,660	98.0%	2042	1,641	3.0%	53,014	97.0%
2029	1,119	2.2%	50,851	97.8%	2043	1,673	3.1%	53,123	96.9%
2030	1,197	2.3%	51,029	97.7%	2044	1,707	3.1%	53,221	96.9%
2031	1,257	2.4%	51,218	97.6%	2045	1,741	3.2%	53,308	96.8%
2032	1,320	2.5%	51,395	97.5%	Totals	31,526	2.3%	1,318,162	97.7%
2033	1,359	2.6%	51,590	97.4%					

Figure 8. ROG and NOx Emissions Reductions from Baseline

