

UPDATED INFORMATIVE DIGEST

PUBLIC HEARING TO ADOPT PROPOSED AB 118 ENHANCED FLEET MODERNIZATION PROGRAM REGULATION (CAR SCRAP)

Sections Affected: This action adds to California Code of Regulations, title 13, section(s) 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, and 2630, chapter 13.

Background: In October 2007, Governor Schwarzenegger signed Assembly Bill 118 (Nunez, Chapter 750, Statutes of 2007) into law. This legislation provides approximately \$200 million annually for new programs to improve air quality through the development and use of advanced technologies as well as alternative and renewable fuels. The legislation includes \$30 million annually for an Enhanced Fleet Modernization Program (EFMP). The EFMP will augment the State's existing state voluntary accelerated vehicle retirement program, referred to as the Consumer Assistance Program.

The focus of the EFMP is to enhance existing retirement programs and provide funding to retire the highest polluting vehicles in the areas with the greatest air quality problems. The legislation also directs that the program consider flexible compensation related to the replacement of the vehicles being retired, and requires the ARB to consider cost-effectiveness and impacts on disadvantaged and low-income populations.

Description of Regulatory Action: By removing existing requirements that vehicles be subject to, and fail Smog Check to participate in the Consumer Assistance Program, the new program greatly expands the vehicle population that can be retired in any given year. The program will retire up to 15,000 vehicles yearly when fully funded. Incentives for vehicle retirement will be available statewide at \$1,000 per vehicle.

The rulemaking also establishes a pilot voucher program in the South Coast and San Joaquin Valley that will target the highest-emitting vehicles and ensure their replacement with newer, cleaner vehicles. Solicited consumers will retire their vehicle at a dismantler and receive immediate compensation for vehicle retirement and additional incentives, either \$2,000 or \$2,500 per vehicle depending on income level, in the form of a redeemable voucher to be used at participating dealerships. A summary of the incentives is provided in the table below.

At the hearing, the Board approved the regulations with three amendments to the voucher program. The amendments included changes to establish a fuel economy requirement for replacement vehicles, allow the use of voucher funds on rapid transit costs if a replacement vehicle is not purchased, and to require the scrapped vehicle to be registered at the time of transaction.

Consumer	Retirement Incentive	Replacement Voucher	Total Incentives	Replacement Model Years (rolling)
All	\$1,000	\$2,000	\$3,000	Newest 4 Model Years
Income Eligible	\$1,000	\$2,500	\$3,500	Newest 8 Model Years

Comparable Federal Regulations: There are no federal regulations comparable to the proposed regulation. The proposed regulation defines the EFMP structure and establishes administrative and implementation requirements. Participation by individuals and businesses in the EFMP is strictly voluntary.