

State of California  
Air Resources Board

## **Final Statement of Reasons**

### **Proposed Mobile Source Certification and Compliance Fees**

**November 2021**

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# Final Statement of Reasons for Rulemaking, Including Summary of Comments and Agency Response

## Public Hearing to Consider Proposed Mobile Source Certification and Compliance Fees

Public Hearing Date: April 22, 2021  
Agenda Item No.: 21-3-2

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## I. General

The Staff Report: Initial Statement of Reasons for Rulemaking (staff report), entitled “Public Hearing to Consider Proposed Mobile Source Certification and Compliance Fees”, released March 2, 2021, is incorporated by reference herein. The staff report contains a description of the rationale for the proposed amendments. On March 2, 2021, all references relied upon and identified in the staff report were made available to the public.

On April 22, 2021, the California Air Resources Board (CARB or Board) conducted a public hearing to consider the proposed mobile source certification and compliance fees. At this hearing, the Board received seven oral comments and one additional written comment. At the conclusion of the hearing, the Board approved Resolution 21-9, which approved for adoption the proposed regulatory language set forth in Appendix A of the Initial Statement of Reasons. Further, the Board directed the Executive Officer to make a number of additional modifications to the proposed regulation (Attachment A of Resolution 21-9) and any additional appropriate conforming modifications available for public comment of at least 15 days.

The proposed additional modifications to the originally proposed regulatory language were contained in a 3-page document entitled, “Staff’s Suggested Modifications to the Proposed Mobile Source Certification and Compliance Fees,” which was made available at the beginning of the hearing and included as Attachment A to Resolution 21-9. The staff report and Resolution 21-9 are incorporated by reference, under California Government Code section 11346.9, subdivision (d). These proposed modifications changed the fee payment process to allow “refunds” instead of “credits”.

Resolution 21-9 directed the Executive Officer to incorporate the modifications described in Attachment A into the originally proposed regulatory text, with such other conforming modifications as may be appropriate. The Executive Officer was directed to make the modified regulation (with the modifications clearly identified) and any additional documents or information available for a supplemental public comment period. The Executive Officer was also directed to consider any comments on the modifications received during the supplemental comment period. The Executive Officer was then directed to (1) adopt the modified regulation as it was made available for public comment, with any appropriate conforming additional modifications; (2) make all modifications available for public comment for an additional period of at least 15 days; and (3) present the regulation to the Board for further consideration if warranted.

In preparing the modified regulatory language, the staff proposed additional conforming revisions in response to public comments received during the 45-day comment period. These post-hearing modifications, along with the modifications specifically identified in Attachment A to Resolution 21-9, were made available for a first 15-day comment period starting on May 24, 2021, and ending on June 8, 2021, by issuance of a Notice of Public Availability of Modified Text and Availability of Additional Documents (“first 15-day

notice”), which included the attachment: Attachment A – “Proposed Modified Text to the Proposed Mobile Source Certification and Compliance Fees.”

The proposed first 15-day changes include modifications to correct errors in the original proposal, clarifications to the carry-over and partial carry-over definitions, expansion of the on-road motorcycle low volume vehicle and engine families to add an additional three vehicle and engine families for low volume manufacturers, and added new fee categories for specially constructed vehicle certified engine packages, specially constructed vehicle certified engine package extensions, specially produced motor vehicle certified engine packages, and specially produced motor vehicle manufacturer.

In light of the supplemental comments received during the first 15-day comment period, staff determined that additional modifications were necessary. A Second Notice of Public Availability of Modified Text (the “second 15-day notice”) identifying the additional substantive modifications was made available for a second 15-day comment period starting on July 12, 2021, and ending on July 27, 2021, by issuance of a Second Notice of Public Availability of Modified Text, which included an attachment: Attachment A – “Proposed Second 15-day Modifications to the Proposed Mobile Source Certification and Compliance Fees.” No comments were submitted during the second supplemental comment period.

The proposed second 15-day changes delay by one year the phase-in of the fees applicable to four certification categories that were newly defined as part of the first 15-day changes. These categories are: specially constructed vehicle certified engine packages, specially constructed vehicle certified engine package extensions, specially produced motor vehicle certified engine packages, and specially produced motor vehicle manufacturer.

The first 15-day notice and the second 15-day notice are incorporated by reference herein. This Final Statement of Reasons (FSOR) updates the staff report by identifying and providing the rationale for the modifications made to the originally proposed regulatory text, including non-substantial modifications and any amendments made after the close of the 15-day comment periods. This FSOR also contains a summary of the comments received by CARB on the proposed amendments during the 45-day and 15-day comment periods and oral comments given at the Board hearing on April 22, 2021, and contains CARB’s responses to those comments.

#### **A. Mandates and Fiscal Impacts to Local Governments and School Districts**

The Board has determined that this regulatory action will not result in a mandate to any local agency or school district the costs of which are reimbursable by the state pursuant to Part 7 (commencing with section 17500), Division 4, Title 2 of the Government Code, because the additional costs associated with the proposed amendments apply generally to all entities that purchase affected vehicles, engines, and other mobile sources, including private businesses and individuals, as well as local agencies and school districts.

## **B. Consideration of Alternatives**

For the reasons set forth in the staff report, in staff's comments and responses at the hearing, and in this FSOR, the Board determined that no alternative considered by the agency would be more effective in carrying out the purpose for which the regulatory action was proposed, or would be as effective and less burdensome to affected private persons, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provisions of law than the action taken by the Board.

## **II. Modifications Made to the Original Proposal**

### **A. Modifications Approved at the Board Hearing and Provided for in the First 15-Day Comment Period**

The following is a summary of the modifications made to the original proposal in the first 15-day notice. These modifications respond to comments received during the 45-day comment period and at the board hearing, correct erroneous regulatory language, and add four new fee categories in section 2904:

1. In section 2901, staff modified the definitions of "carry-over" and "partial carry-over" to specify that the portions of an application that pertain to compliance with on-board diagnostic requirements, as set forth in sections 1968.2 and 1971.1, are allowable changes within the definitions of "carry-over" or "partial carry-over." This proposed change was needed to clarify the portions of an application that will be considered when determining eligibility for these types of reduced-cost application fees. The proposed change was in response to 45-day comments asking for additional clarity on the originally proposed definitions. The change makes clear that manufacturers will be able to submit carry-over or partial carry-over applications even if the on-board diagnostic (OBD) portion of the application is not identical to previous year applications. This change is reflective of existing practice where manufacturers submit the OBD portion of the application as a separate document and in recognition that year-to-year changes to this portion of the application are very common. Not allowing changes to the OBD portion of the application would prevent the use of these fee types for a significant percentage of applications that would otherwise satisfy the requirements.
2. In section 2901, staff deleted the definition of a "fee credit" to align with proposed changes to section 2902 that would replace "fee credit" with "fee refund." It is not necessary to define "fee credit" because that term is no longer used in the modified regulatory language.
3. In section 2901, staff modified the definition for "receipt of payment" to align with the changes in section 2902 that replace "fee credit" with "fee refund." Therefore, applicants that satisfy the eligibility criteria for receiving a fee credit, in accordance with section 2902 as originally proposed, will instead be eligible to receive a fee refund under the proposed changes. This change was necessary because of the term "fee credit" is no longer used in the modified regulatory language.

4. In section 2902, staff modified the fee credit provisions to instead provide for a refund of application fees submitted by an applicant. This change was in response to 45-day comments that requested applicants be allowed to receive a refund as an alternative to a fee credit. In evaluating the feasibility of this proposal, staff determined that implementing both a fee credit and a fee refund process would be inefficient and unreasonably complex for both applicants and staff to implement. Therefore, the modified regulatory language replaced the fee credit process with a fee refund process. All eligibility criteria are identical to the original proposed regulation, except that a refund will also be available upon request in the case of an overpayment. This 15-day language change also fixed an incorrect subdivision citation in the fee refund table. It was shown in the originally-proposed regulation as "subdivision (4)," but is now correctly shown as "subdivision (a)(4)."
5. In section 2903, staff modified the definition of a "Low California production for sale engine family." Under the revised definition, manufacturers that historically produce 2,500 or fewer on-road motorcycles for sale in California may submit up to six low California production for sale engine family applications per model year. This change was in response to 45-day comments from the motorcycle industry. Industry's concern was that some on-road motorcycle manufacturers produce a number of low volume models that are typically targeted to the entry level motorcyclists. For these types of motorcycles, the comments received suggested that the originally proposed certification and compliance fee would have had an impact on product pricing that is too great for commercial viability. To address these concerns, the 15-day changes expanded the original proposal to include reduced fee amounts for three additional low production engine families for lower production manufacturers. The production limit and the number of engine families eligible for the reduced fee provide a reasonable balance between the commercial viability of these product lines and the recovery of CARB's costs for corresponding certification and compliance activities.
6. Staff also added four new definitions to section 2903 that cover specially constructed vehicles and engine packages. These changes were necessary in order to establish additional reduced-fee application types that were not included in the originally proposed regulation. Under the original proposal, manufacturers of these types of vehicles would have been required to pay the same application fees as other on-road vehicles. However, CARB staff recognized that a different fee structure was needed for the approval of applications for these types of vehicles to more accurately reflect the different level of staff work required to review these applications compared to regular on-road vehicle applications. The new definitions were necessary to clearly define the categories subject to the proposed fees by referencing existing certification regulations and certification procedures.
7. In section 2904, staff modified the tables in subsections (a)(1), (a)(2), and (a)(3) to add the fees that will apply to the four special construction categories newly defined in section 2903. As stated above, these categories of applications require fewer staff resources to review, approximately 50 percent fewer, and the proposed fees are reflective of this. These fees will be phased-in for model years 2023 and 2024 to match the other on-road fee categories to reduce the initial cost burden to



manufacturers, except for the carry-over and zero-emission fee types, which are already discounted to 25 percent of the base fee. The “Specially constructed vehicle certified engine package extension” and “Specially produced motor vehicle manufacturer” fees require substantially less staff time to review and therefore a fee of \$1,000 was proposed with no additional low-cost fee types or phase-in period.

8. In section 2905, the definition for a “zero-emission golf cart” was corrected. The originally proposed language erroneously referenced a definition of “zero emission off road vehicle” in section 2411. This was corrected to reference the definition of “golf cart” in that section and to add a reference to “zero emission” as defined in section 2902. This was necessary because the definition of “zero emission off road vehicle” in section 2411 specifically excludes golf carts. Staff also corrected “standards” to “certification requirements” to more accurately reflect the certification requirements for golf carts contained in Title 13, Division 3, Chapter 9, Article 3.

## **B. Modifications Provided for in the Second 15-Day Comment Period**

The following is a summary of the modifications to the original proposal in the second 15-day notice. These modifications respond to comments received during the first 15-day comment period:

1. Modifications to Proposal: In section 2904, the tables in subsections (a)(1), (a)(2), and (a)(3) were modified to delay by one year the phase-in of the fees applicable to four certification categories that were newly defined as part of the first 15-day modifications in section 2903. These categories are: “Specially constructed vehicle (SPCNS) certified engine package,” “Specially constructed vehicle (SPCNS) certified engine package extension,” “Specially produced motor vehicle (SPMV) certified engine package,” and “Specially produced motor vehicle (SPMV) manufacturer.” Newly proposed subsections (a)(5) and (a)(6) were added to complete the final years of the phase-in of the fees for these categories, for model year 2026, and 2027 and subsequent model years, respectively.

Delay of the phase-in of these new fees was necessary to provide additional time for market development of Specially Produced and Specially Constructed motor vehicles and engines. There is expected to be significant overlap between manufacturers within both of these categories. However, staff agree with comments received during the first 15-day comment period that the market for SPMVs is not sufficiently developed to bear the full cost of the phased-in fees in the timeframe proposed in the first 15-day notice. This is a result of existing SPMV certification regulations (California Code of Regulations, title 13, section 2209.1) that require both the manufacturer and the vehicle to meet certain applicable requirements established by the National Highway Traffic and Safety Administration (NHTSA) before the vehicle can be certified and sold in California. As of the time of this rulemaking, NHTSA has not yet finalized their rule to allow for

approval of an SPMV; however, finalization is expected to occur by January 2022.<sup>1</sup> Consequently, SPMV manufacturers will not be able to apply for CARB certification of their products and benefit from the proposed phase-in schedule unless the phase-in is delayed by one year to model years 2024 through 2026.

2. Additional Document Added to the Record: In the interest of completeness and in accordance with Government Code section 11347.1, subdivision (a), staff also added to the rulemaking record and invited comments on:

Office of Management and Budget, Office of Information and Regulatory Affairs, 2021. Spring 2021 Unified Agenda of Regulatory and Deregulatory Actions. <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2127-AL77>. Accessed June 2021

### C. Non-Substantial Modifications

Staff identified the following additional non-substantive changes to the regulation:

In Section 2903:

- The definition for “Low California production for sale engine family” was updated in two places to add hyphens (and remove blank spaces) between both instances of “street use” so it now reads as, “street-use” to be consistent with how it is used elsewhere in the regulation text, and “family” was added after “street-use motorcycle” so it now reads as, “street-use motorcycle family” to be consistent with how it is used elsewhere in the regulation text.
- The term originally defined as “Street-use motorcycle family or motorcycle engine” has been updated to remove “family” from the term so it now reads as, “Street-use motorcycle or motorcycle engine,” to be consistent with how the term is used elsewhere in the regulation text and with how the term is used in existing regulation, CCR, Title 13, section 1958, from which its definition refers to and originates from.

The above-described modifications constitute non-substantial changes to the regulatory text because they more accurately reflect the numbering of a section and correct spelling and grammatical errors, but do not materially alter the requirements or conditions of the proposed rulemaking action.

## III. Summary of Comments and Agency Response

Eleven written comments were received during the 45-day comment period in response to the April 22, 2021 public hearing notice, and written and oral comments were presented at the Board Hearing. In addition, three written comments were received

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<sup>1</sup> Office of Information and Regulatory Affairs, Office of Management and Budget, 2021. Spring 2021 Unified Agenda of Regulatory and Deregulatory Actions. <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2127-AL77>. Accessed June 2021.

during the first 15-day comment period. No comments were received during the second 15-day comment period. Listed below are the organizations and individuals that provided comments during the each of these comment periods:

#### Written Comments Received During the 45-Day Comment Period

Commenter	Affiliation
Wood, Simon (3/18/2021)	Lotus Cars Ltd., UK (Lotus)
McKnight, John (3/23/2021)	National Marine Manufacturers Assoc. (NMMA)
Alsip, Robert (4/13/2021)	Suzuki Motor USA, LLC (Suzuki)
Ciaccio, Brandon (4/14/2021)	individual
Lev, Mike (4/14/2021)	individual
Knott, Greg (4/19/2021)	Outdoor Power Equipment Institute (OPEI)
Barnes, Eric (4/19/2021)	Motorcycle Industry Council (MIC), Specialty Vehicle Institute of America (SVIA), and Recreational Off-Highway Vehicle Association (ROHVA)
Brezny, Rasto (4/19/2021)	Manufacturers of Emission Controls Assoc. (MECA)
Senator Newman, Josh (4/19/2021)	State Senator, 29th District
Goch, David (4/19/2021)	Specialty Equipment Market Association (SEMA)
Mader, Viola (4/19/2021)	KTM North America, Inc.

#### Comments Presented at the Board Hearing

Commenter	Affiliation
Knott, Greg	OPEI
Goch, David	SEMA
Brown, Kevin	MECA
Hartrick, Michael	Alliance for Automotive Innovation
Jimenez, Steven	American Lung Association
Sutton, Tia	Truck & Engine Manufacturers Association (EMA)
Barnes, Eric	MIC, SVIA, ROHVA

#### Written Comments Received During the First 15-Day Comment Period

Commenter	Affiliation
Liberg, Braden (6/2/2021)	Edelbrock Group
Ingber, Daniel (6/8/2021)	SEMA
Mader, Viola (6/16/2021)	KTM North America, Inc.

## Written Comments Received During the Second 15-Day Comment Period

Commenter	Affiliation
N/A No Comments Received	

Set forth below are either the full text or a summary of each objection or recommendation specifically directed at the proposed regulation or to the procedures followed by CARB in proposing or adopting the regulation, together with an agency response. The comments have been grouped by topic whenever possible.

### A. Written Comments Received During the 45-Day Comment and Comments Presented at the Board Hearing

#### 1. General Comments Opposing the Proposal

- 1) Comment: Can you guys focus your efforts on the scientific ideas of "Carrying Capacity" instead of charging people more who have been here for generations, promoting good stewardship of the environment, and who do not have a significant carbon footprint? Is that possible to have a conversation focused on those topics, versus trying to phase things out simply by charging more for them? (Brandon Ciaccio)

Agency Response: The commenter advocates changing the focus of this rulemaking from the establishment of new mobile source certification and compliance fees to "Carrying Capacity." This comment is outside the scope of the proposed rulemaking.

- 2) Comment: You're not going to listen, so I'll make it short. Please stop with the insanity. CARB is destroying businesses in a time where the rest of California politics is already destroying us. Enough. (Mike Lev)

Agency Response: This regulatory effort involved significant outreach to affected stakeholders. Five workshop series were held, along with separate communications and meetings with several associations and individual companies. (see staff report, Table XII-1. Regulatory Development Timeline, p.124) Overall, staff engaged in extensive communication with industry to obtain their feedback at each stage of the development of the proposed regulation including cost development, economic analysis for impacted businesses (including a Standardized Regulatory Impact Assessment<sup>2</sup> (SRIA)), and the actual development of the proposed fees. During this outreach, stakeholders provided information to CARB that for all categories, except aftermarket parts and marine watercraft, the costs of the proposal would be passed on to consumers as a minimally increased purchase price of the affected product. The aftermarket parts and marine watercraft category stakeholders indicated the proposed fees would be absorbed into existing

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<sup>2</sup> Available at: <https://ww3.arb.ca.gov/regact/2021/mobilesourcefee2021/appb.pdf>

business models. Therefore, staff disagrees that the proposed fees will destroy California businesses, and no change was made in response to this comment.

## 2. Comments Regarding Elements of the Proposal

- 3) Comment: CARB's proposal for fixed cert fees is not unreasonable. I would however urge that the level of fees be adjusted more in line with the volumes to be sold rather than a fixed fee. It is noted that a reduced fee is proposed for "carry over" and "Small Businesses". There are some, a very few, manufacturers or importers who may only be retailing some 100's of vehicles in California but whom do not meet the "Small Business" classification.

I should like to ask CARB to consider extending the reduced fees to include these low volume manufacturers. The volume limit could be set at the existing 4500pa low volume limit or a reduced number, say 2250pa, if that was felt more appropriate. (Simon Wood, Lotus Cars Ltd., UK)

Agency Response: Staff agree that the magnitude of the proposed fee for light-duty vehicles will be more significant when spread across a relatively low number of vehicles, compared to the same fee spread across a higher number of vehicles. However, the same agency resources are required to certify any given product (engine, vehicle, etc.) regardless of the sales volume. For this reason, and to accomplish the goals of the rulemaking, CARB has proposed one fee for each category with reduced fee types, such as small business or carry over as noted. These fees are not linked to production volume as in the current regulation, except for two on-road mobile source reduced fee types: "Low California production manufacturer" and "Low California production for sale engine family." These fee types were provided specifically for certification of on-road motorcycle and heavy-duty greenhouse gas families based on stakeholder input that suggested that the fees could not be reasonably passed on to purchasers of the products in the originally proposed amounts. In the case of Light-Duty Vehicle Test Groups, staff determined that low volume test groups are almost invariably for luxury or sport vehicles, many of which have a relatively high final purchase price. Staff determined for such vehicle models that certification fees can be recovered through increased purchase prices without significantly impacting the purchasing decisions of potential customers, as the increase would be small in comparison to the price without the proposed certification fee. Consequently, no change was made in response to this comment.

- 4) Comment: NMMA has two points to raise the first will need clarification prior to the fee program and the second will require management direction and oversight once the fee program is implemented.

First, clarification is necessary on running changes affecting application status. For example, if an approved running change occurs during 2023 production year, how will that family be considered for 2024 certification year if no elements outside of listed allowances occur during the application process? Running changes are very common for engine manufacturers who might be required to re-source a part mid-year. NMMA's position is that running changes should be processed and approved in a timely manner and not effect the annual application process. (John McKnight, Senior Vice President, Environmental & Safety Compliance, NMMA)

Agency Response: A carry-over application may be submitted for a given model year if it is similar to the previous model year application (per the definition) and incorporates all approved running changes that were submitted during the previous model year production period, and if the changes remain applicable for the new model year certification. Picking up on the commentor's example, a 2024 model year carryover application must include all of the approved running changes that were submitted for the 2023 model year family. The carry-over application will be processed as such, regardless of whether the running changes fall within the allowable changes listed in the definition of a carry-over application.

Regarding NMMA's comment that "running changes should be processed and approved in a timely manner and not effect [sic] the annual application process," this suggestion is already in practice by CARB staff. Running changes are processed and approved in a timely manner. Most are submitted as issues arise during production, and well in advance of future year certification applications. Therefore, approval timelines generally do not affect the annual application process, except in cases where running change requests are submitted unusually late into the model year, or the nature of the request requires an unusually extensive review.

- 5) Comment: The second issue is the tier definitions which boat builders and engine manufacturers will designate on their applications and submit payment prior to receiving an executive order. These are the definitions for New, Partial Carryover, and Carryover. NMMA supports the tiered approach as equitable and reflecting the level of staff effort.

It was repeated several times during the November 19, 2020 workshop that the interpretation of the definition for Carryover and Partial Carryover will be left up to the CARB Certification Engineer. That opens CARB staff interpretations that could possibly require one company to pay a higher fee than its competitor for the same change. NMMA recognizes the need for solid definitions to avoid disparities, but more importantly close managerial oversight of certification staff fee decisions to avoid confusion and possible legal challenges.

In reviewing the ECARS 2015-7 ARB identifies the difference between carry over and partial carryover. NMMA recommends that this document be used as staff and industry guidance. (John McKnight, Senior Vice President, Environmental & Safety Compliance, NMMA)

Comment: As noted in previous workshops and comments, the current application and interpretation of the terms “partial carryover” and “carryover” is quite subjective, as it is left to the interpretation of an individual certification reviewer. EMA supports the inclusion of these terms in the regulations. (Tia Sutton, EMA)

Agency Response: Definitions for “carry-over” and “partial carry-over” have been included in the regulation, making reference to other documents unnecessary. In response to these comments, 15-day changes were made to these definitions to further clarify the portions of an application that will be considered when determining eligibility for these types of reduced-cost application fees.

For on-road vehicle/engine certification applications, the 15-day changes make clear that manufacturers will be able to submit carry-over or partial carry-over applications even if the on-board diagnostic (OBD) portion of the application is not identical to the previous model year’s application. This change is reflective of existing practice in which manufacturers submit the OBD portion of the application as a separate document and in recognition that year-to-year changes to this portion of the application are very common. Not allowing changes to the OBD portion of the application would prevent the use of these fee types for a significant percentage of applications that would otherwise satisfy the requirements.

In addition, as explained in the response to Comment 4, staff wishes to reiterate that running changes do not affect a carry-over or partial carry-over determination. Approved running changes are considered changes to a current model year’s existing application; therefore, while approved running changes must be included in the new model year application, they are not considered new or additional changes that would prevent the use of a carry-over application.

- 6) Comment: Suzuki has participated in previous discussions with CARB staff on the proposed regulation and appreciates the willingness of CARB to consider the concerns raised by Suzuki and others with respect to its proposal. However, Suzuki believes the proposed regulation remains too severe and in its current form could result in a negative impact to future consumer product availability. We believe that some of this concern could be mitigated with the following revisions to the proposed regulation:

*Increase the number of low California sales-volume engine families allowed per model year for on-highway motorcycles.*

The motorcycle industry is distinct from many other product categories in that engine designs are generally unique to individual models and this uniqueness does not lend itself to grouping engines of multiple models into common engine families. As a result, it is typical for a manufacturer to have an equal number of engine families as they have base model types. This results in a disproportionately high number of certification engine families relative to overall California sales volume, with each engine family having relatively low sales volumes individually. This will result in a very high fee cost per California sale under the current regulatory proposal.

CARB has proposed to reduce this cost impact through the application of a 95 percent reduction in certification fees for engine families with no more than 100 annual California sales volume, with a maximum of three engine families eligible for this provision. Suzuki appreciates that CARB has recognized the impact of the proposed new on-highway motorcycle fees, however Suzuki believes that the proposed allowance does not go far enough. Suzuki requests that CARB reconsider its limitation of three low California sales volume engine families and increase the number of engine families that would be allowed to use this provision to at least six per model year.

(Robert Alsip, Department Manager, Government Relations, Suzuki)

Agency Response: Staff agree that for some on-road motorcycle manufacturers that produce a number of low volume models that are typically targeted to entry level motorcyclists, the originally proposed fees could have an impact on product pricing that is more significant than initially anticipated and evaluated. Therefore, staff modified the regulatory language as part of the first 15-day notice to provide reduced fees for three additional "low California production for sale engine family" applications for lower production manufacturers, bringing the total to six per manufacturer per model year as requested by the commenter.

7) Comment: *Revision to the Partial Carry-Over application definition*

Suzuki appreciates that CARB has recognized the need to base the cost of certification on the amount of work required by staff for each category, and in general we support CARB's proposal to link the applicable certification fee to the criteria described in Mail-Out # ECARS 2015-7, "Streamlined Certification Process for Carryover and Partial Carryover Certification Applications".



Suzuki believes that the guidelines for partial-carryover applications listed in this Mail-Out are too restrictive when taken into the context of the impact to certification fees expenses for very minor revisions to a certification application that are not captured in the Mail-Out.

Specifically, Suzuki believes that very minor changes such as a revision to a CARB approval number should not exclude the application from being classified as partial carry-over. Under the currently proposed regulatory language, a motorcycle manufacturer that has a revision to its emission warranty statement necessitating a new CARB approval number, or an outboard engine manufacturer that is updating its production-line testing procedure description would be subject to a doubling in certification fees for a model year, as either of these actions would prohibit use of the partial carry-over option. Suzuki believes that there is no justification for this additional cost to the manufacturer, as the amount of time needed to review applications with updated CARB approval numbers would not be different than an application without such a change. Although the need to update CARB approvals does not occur often, they do occur and should not trigger a massive increase in certification fees as a result. Likewise, a change to an OHRV evaporative component cost list does not impact the amount of time needed for application review and should also not force a manufacturer into the full "new certification" Base fee category.

The provisions for allowable changes for a partial carry-over application in ECARS 2015-7, which was used as the basis for the proposed regulation, were reasonable at the time the Mail-Out was created as the purpose of developing the streamlined certification process was to identify how to reduce CARB staff certification application processing time in the simplest way possible. This goal was accomplished. However, the impact to certification cost as a result of the allowed criteria for acceptance into the streamlined certification process was not part of the discussion at the time. In light of CARB's plan to impose both new and greatly increased certification fees, we believe that simply using the ECARS 2015-7 criteria as the sole basis for determining whether an application may qualify for a partial-carryover certification fee reduction is not reasonable and that a more equitable approach is to link the cost to actual work by CARB staff to review an application. Changing a CARB approval number will not impact the amount of work time needed for application review. Further, retaining the existing restrictive language will negatively impact the certification cost basis without reasonable cause. For these reasons, Suzuki strongly requests CARB consider broadening the criteria for what constitutes a partial-carryover application to include applications that contain updated CARB approval numbers related to any element of certification, as well as applications that contain updates to OHRV evaporative component cost categories.

(Robert Alsip, Department Manager, Government Relations, Suzuki)

Comment: NMMA has one last comment prior to the upcoming ARB meeting that would slightly broaden and improve the criteria in ECARS 2015-7 in cases where staff simply issues a new CARB approval number. Currently, any new process approval, for any aspect of certification, could move the manufacturer out of the partial-carryover tier and into the new certification tier. Using ECARS the current criteria for partial carry-over is too restrictive. CARB staff did a good job when they originally crafted the Mail-Out, possibly they did not consider the approval number change being an issue - as NMMA did not, either until very recently.

NMMA strongly urges that CARB approval numbers be considered within a partial-carryover application. The whole purpose of tiers is to compensate for the level of effort, and it would not add more than one minute of extra work for the certification rep to verify their own approval. (John McKnight, Senior Vice President, Environmental & Safety Compliance, NMMA)

Agency Response: The intent of the reduced-cost fee for partial carry-over applications was to pass along to industry cost savings when CARB's evaluation workload is reduced. Based on its review of current certification processes, staff believes that additional work would be required for partial carry-over reviews under the broader definition requested by the commenters, such that little or no staff time savings may be realized after reviewing the additional changes. Therefore, no change was made in response to this comment.

- 8) Comment: To the extent that concerns are not included here-in, OPEI supports the comments provided by the Truck and Engine Manufacturers Association ("EMA") as they regard proposed SORE fees. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: See response to EMA Comments 5, 19-27.

- 9) Comment: The Rule does not consider the impact of CARB's ongoing SORE rulemaking. CARB's ongoing SORE rulemaking will significantly impact the sectors certification and compliance costs. CARB should postpone SORE fee rulemaking until CARB SORE rulemaking is complete.

Foremost, the Rule does not consider the impact of ongoing SORE rulemaking. On March 24, 2021 CARB staff proposed setting SORE emissions to zero starting with model year 2024 (with the exception of portable generators, which CARB staff proposed significant reductions for before setting emission limits to zero for model year 2028). The impact will be immediate, forcing most manufacturers out of the California market for model year 2024. As a result, if adopted, the number of model year 2024

Executive Orders (EO), both exhaust and evaporative, will be reduced to a small fraction of today's certifications. ZEE applications, with the exception of zero emissions portable generators, will be zero starting with model year 2024. It is expected only a limited number of generator manufacturers will comply with the new regulations, further reducing the number of EOs in model year 2024 and thereafter. Total CARB certification and compliance costs will be greatly reduced as a result. The Rule's cost analysis does not reflect this reality.

It is not yet possible to quantify EO, sales volume and the cost impact of CARB's 3/24 proposed rule on the SORE sector, but without doubt the staffing and facility and operational costs should be minimized as a result of the proposed rule. With a limited number of manufacturers remaining, CARB Certification Staff will be reduced. Working with fewer manufacturers it is reasonable to expect both Certification Staff and manufacturers will be more efficient in the certification process. Overhead will be reduced. If the proposed SORE rule is approved, it would be unnecessary to proceed with expensive test equipment and new facilities for the purposes of SORE certification and compliance for just a few additional years and small number of products. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Comment: OPEI opposes the SORE, SORE powered equipment, SORE component, and equivalent zero-emissions equipment (ZEE) certification fees described in the Rule. OPEI request SORE be exempted from the Rule until the impact of ongoing SORE rulemaking can be understood. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: The fee proposal is based on the current certification regulations and the staff resources needed to implement them. As noted, CARB staff are developing modified emission control regulations for SORE that may be presented to the Board for consideration at a later time. The proposed per application fees would not automatically change if the SORE regulations are modified as the commenter suggests. Any per application fee changes would require amendments to these fee regulations for future consideration and adoption by the Board. Any certification fee regulation changes that may be appropriate in response to future amendments to SORE emission requirements cannot be reasonably considered until amendments to the emission requirements are in fact adopted. Therefore, no changes were made in response to this comment.

- 10) Comment: The Rule does not accurately reflect the end-use cost impact. CARB overestimates the SORE certified population in its analysis, in-turn underestimating the cost impact to the end-user.

The Rule describes in vague detail the costs associated with the off-road sector certification and compliance programs, included there-in are the SORE and SORE-related categories. Associated costs include the specific certification and approval costs and facility and operational costs, amortizing capital expenditures over ten years. Estimating the number of EOs based on historic numbers, and forecasting sector growth, the Rule estimates end-user cost increases across the sector (as a result of manufacturers passing down fees). Holding the number of EOs constant and estimating a 0.6% overall SORE sector growth, the Rule calculates the equipment fee to be \$0.68-\$0.70 per piece of equipment after phase-in.

The Rule's estimates SORE New Off-Road Engines and Equipment model year sales growing based on the CARB SORE2020 model<sup>3</sup>, ranging from 3.9M to 4.2M units from 2018 to 2031. However, OPEI believes these model year sales populations do not reflect the population of equipment subject to certification fees. Significant portions of the of the estimated sales in the Rule appear to include (1) low-cost zero-emissions equipment not certified (for the purpose of credit generation) and (2) preempt equipment not subject to CARB certification and compliance jurisdiction. For example, CARB models approximately 738,000 residential (2hp equivalent) model year 2023 sales (sold between 2023-2025). These are historically not certified, nor would be as they would not meet the commercial-grade performance criteria for credit generation in the current CARB program. As a result, the end-user costs in the Rule are grossly underestimated. CARB must correct the estimated population and forecast, and in-turn the SORE cost impact accordingly. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: Staff disagrees with this comment. Staff used manufacturers' data submitted for Production Line Testing purposes for the analysis. Production Line Testing is used to confirm compliance with emission standards as part of CARB's certification process, so equipment that is not certified, such as zero-emission equipment or preempted equipment, is not included in Production Line Testing data and, therefore, was not included in CARB's analysis. As such, CARB believes the data provides for a proper estimation of SORE products sold in California.

Accordingly, for the 2018 model year, CARB staff estimated sales of 3.88 million SORE units based on Production Line Testing numbers. Using this data, staff estimated that the fully-phased-in cost per unit for SORE equipment in 2024 will be approximately \$0.70.

Staff assumed a growth rate of 0.6% per year through 2031, which reduces the per unit cost to \$0.67 in 2031. The commenter argues that the 0.6%

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<sup>3</sup> CARB SORE2020\_Final\_Version1.1 model

yearly growth rate for non-electric SORE is too high, therefore per unit costs should be higher than \$0.67. Assuming no annual growth in non-electric SORE sales, the per unit cost would remain flat at approximately \$0.70 per unit. Even with this zero annual growth assumption, CARB disagrees that a \$0.03 increase in end-user cost would amount to a gross underestimation of costs.

Further, the proposed fees are assessed on a per-application basis (SORE engine or evaporative family) and sales volume was not used in the methodology to calculate the proposed fees—only in assessing the economic impacts of the fees. A new rulemaking process will need to be conducted before changes to any future fees can be made. Therefore, no changes were made in response to this comment.

- 11) Comment: The Rule does not accurately reflect the end-use cost impact. The cost burden will fall hardest on minority and low-income small businesses.

The Rule applies a broad-brush strategy of averaging the cost across the SORE fleet. In fairness to all consumers, CARB should present the cost impact on a per-category basis. CARB estimates hundreds of different SORE equipment types (including segregating similar equipment by use category)<sup>4</sup>, with equipment costs ranging from less than \$100 to tens of thousands of dollars. In many cases engine and equipment EOs are unique by both product and use type. Speaking generally, as the different categories increase in cost, the volumes decrease. The percent cost increase to professional-grade wide-area walk-behind mowers with low California sales will be significantly different than low-end consumer chain saws with high California sales. As a result, it is likely small California businesses, primarily the estimated 50,000-75,000<sup>5</sup> individual-proprietor landscapers, many of which are minority and/or lower-class owned, will shoulder a disproportionate load of the certification fees due low volume sales of commercial products.

The Rule relies on the Form 399 for the Public Hearing to Consider Proposed Amendments to the Evaporative Emission Requirements for Small Off-Road Engines, to estimate Off-Road Percent Purchase Splits, suggesting the purchase split to be 33% businesses and 67% individuals. However, the CARB SORE2020 model suggests commercial products have a much lower split, which results in a disproportionate allocation of fees to businesses. For example, CARB models approximately 1,277,251 gas-powered non-exempt lawn and garden model year 2023 units sold (between 2023-2027), of which

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<sup>4</sup> CARB SORE2020\_Final\_Version1.1 model

<sup>5</sup> ARB-SORE-16MLD011\_FullReport\_Final\_11-26-19. Table 376 Comparison of Survey Sample and Statewide Licensed Vendor Population by Size; Pg. 521 Estimating the Size of the Population of Inference

only approximately 276,477 units (of 18%) are used for commercial (“business” plus “vendor”) use. It is unclear why CARB uses the SORE2020 model for some data, and not for other. CARB must correct the business and individual splits accordingly and more accurately estimate the product cost for different product categories and user groups. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: The Form 399 for the Public Hearing to Consider Proposed Amendments to the Evaporative Emission Requirements for Small Off-Road Engines was used to estimate the purchase split between businesses (33 percent) and individuals (67 percent) to provide consistency in the analysis of cost impacts between that rulemaking and the current fees rulemaking. It’s important to note that estimated increase in cost per unit for SORE equipment, which is less than \$1.00 per unit, will not change regardless of the purchase split assumptions. Staff believes this increase in cost is reasonable and does not create an unreasonable economic burden for purchasers of SORE equipment. Therefore, no changes were made in response to this comment.

In response to this comment, staff has estimated the increased cost per business and cost per individual (household) using the methodology used in the SRIA and the 18 percent business/82 percent individual purchase splits proposed by the commenter. These estimates, which are shown in the following tables, are not amortized. As shown below, the estimated cost per business and cost per individual (household) in 2024 due to the fee regulation remain under \$1.00 regardless of the purchase split assumption.

Business Cost Estimates for 2024

Purchase Split Source	% of purchases	Total Fee Increase	Cost per Business Purchaser
Form 399	33%	\$948,388	\$0.59
SORE2020	18%	\$517,302	\$0.32

Individual Cost Estimates for 2024

Purchase Split Source	% of purchases	Total Fee Increase	Cost per Individual Purchaser
Form 399	67%	\$1,925,514	\$0.15
SORE2020	82%	\$2,356,600	\$0.18

- 12) Comment: The Rule does not accurately reflect the end-use cost impact. The SORE sector is largely non-integrated; regulated components will be subject to mark-up by Original Equipment Manufacturers.

The SORE sector is sufficiently non-integrated; meaning engine and fuel system component suppliers are not the equipment manufacturer. As a result, the associated fee cost to engine and fuel system components may be passed through multiple suppliers or manufacturers before reaching the end user. If each manufacturer is expected to maintain sales margins, the fee's will similarly be marked up as the products move through the distribution channel. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: This comment appears to suggest that a cascading of markups through the manufacturing and distribution chain would result in product price increases that are greater than necessary to simply pass the certification fee costs to the consumers. The commenter seems to imply that any such markups of fee costs, which are entirely increased profit for the SORE sector and do not reflect the proposed fees, might create a cost burden to purchasers of SORE equipment.

The commenter did not provide any information to support either its observation or the potential cost impact of this observation – even if it's correct – on purchasers of SORE equipment. However, the ability for suppliers to mark-up components will be determined by market conditions. In a highly a competitive market, the ability for a supplier to mark-up components would be limited. While manufacturers are free to increase prices in such a manner, the cost increase over and above what is necessary to pass on the costs is not attributed to the regulation. Therefore, no changes were made in response to this comment.

- 13) Comment: The Rule does not adequately describe the associated costs for the purpose of stakeholder comments.

The Rule provides only a single number labor cost per year for certification and compliance costs. For example, for the SORE exhaust category, a single cost of \$1,193,054 and 5.9 Person Years (PY) is attributed. Historically CARB SORE exhaust compliance activity is minimal. As a result, we might conclude that the majority of this cost is wrapped up in certification. The result would be  $[(5.9\text{PY} * 40 \text{ hr/week} * 52 \text{ week/yr}) / 689]$  approximately 18 hours per certification. OPEI's initial reaction is that this number is high, as (1) CARB staff is well trained in reviewing certification, handling hundreds per year, and (2) many applications are likely carryover and require limited review. However, without any detailed breakdown of how the 5.9 PY was derived, stakeholders can only guess, limiting meaningful comments. Additionally, a more detailed breakdown would help clarify the PY cost of \$202,213, which

appears to be between the top 2 mid-range cost salaries by class described in the Rule. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: CARB details the cost methodology and fee determination in Appendix B - Revised Standardized Regulatory Impact Assessment of the Initial Statement of Reasons. The costs included direct labor that was based on actual staff time and labor costs for certification and compliance activities, indirect cost of administrative overhead and support programs, and operational and facility costs for compliance testing conducted within each category. Direct labor costs for the SORE exhaust certifications include certification, audit, and warranty staff time (SRIA, Table A-5-1.). The direct labor cost includes each staff and first level manager that works on each category's specific activities. No second level managers or above were used in the calculation. A staff survey was conducted to determine the percent time spent in each activity for 2018. The percent time was summed into a person year (PY) activity level for each staff position and category within the scope of this regulatory activity. Each staff PY time was multiplied by the Fiscal Year Labor Budget class cost, which is a mid-range salary for each class and includes benefits and operating expenses and equipment. Each was summed for each category to obtain the Direct Labor cost for that category. Each staff's class cost was adjusted by time base, if not employed full time. Each first level manager class cost was discounted by 15 percent for administrative work. Fiscal Year Labor Budget class cost is calculated annually through an administrative process which annualizes the California Department of Human Resources monthly salary by position class, adds an average of 53 percent of the salary cost for benefits, and adds an average of 20 percent of the salary cost for operating expenses and equipment for each class. Each class has its own benefits and operating expenses and equipment determination. This information was presented in the SRIA and made available for public comment, therefore, no changes were made in response to this comment.

- 14) Comment: Finally, the rule applies a broad brush strategy of averaging across SORE fleet. In fairness to all consumers, CARB should present the cost impact on a per category basis. CARB estimates hundreds of different SORE equipment types, including segregating equipment by use category with equipment costs ranging from less than a hundred dollars to tens of thousands of dollars. (Greg Knott, Vice President, Standards and Regulatory Affairs, OPEI)

Agency Response: Like all mobile source categories, including the SORE category, while there are differences in emissions standards based on displacement category, the basic elements of certifying an engine family are generally the same, such as checking whether the submitted application is complete, compliance with applicable emissions standards and test



procedures, emissions label and warranty requirements, and issuance of an Executive Order. Consequently, that is the reason the cost associated with certifying a family in the SORE category is the same for all displacement categories and equipment types. CARB staff's analysis of costs showed that the passing through certification fees would result in only very minor price increases for SORE products regardless of product category. Therefore, no changes were made in response to this comment.

- 15) Comment: Measures to reduce cost, such as the proposed low volume engine family fee for on-highway motorcycles (HMC) certification, are helpful to manufacturers. However, this rate must be extended to more than just three engine families per model year to significantly reduce the impact of the much higher proposed certification fees for new, carry-over, and partial carry-over engine families that do not qualify for the rate. Additionally, similarly discounted rates must be made available for small volume engine families that exceed sales of 100 units per model year. For example, HMC engine families having CA sales of 101 – 150 units could be assessed a \$1308 certification fee and engine families having CA sales of 151 – 200 units could be assessed a \$1744 certification fee. Tiered low-volume engine family rates must also be available for off-highway recreational vehicles (OHRV) certification. Extending measures such as these will go a long way in supporting continued product availability in California. (Eric Barnes, Vice President, Technical Programs, MIC; representing MIC, SVIA, ROHVA)

Comment: Measures to reduce cost, such as the proposed low volume engine family fee for HMC certification, are helpful however, this rate must be extended to more than just three engine families per model year to significantly reduce the impact of the much higher proposed certification fees for new, carry-over, and partial carry-over engine families that do not qualify for the rate. Additionally, similarly discounted rates must be made available for small-volume engine families that exceed sales of 100 units per model year. For example, HMC engine families having CA sales of 101 – 150 units could be assessed a \$1308 certification fee and engine families having CA sales of 151 – 200 units could be assessed a \$1744 certification fee. Tiered low-volume engine family rates must also be available for OHRV certification. Extending measures such as these will go a long way in supporting continued product availability in California. (Viola Mader, Director of Homologation and Compliance, KTM North America, Inc.)

Agency Response: The proposed application fees were designed to provide for cost recovery to CARB for certification and compliance activities. A number of reduced-fee application types have been provided in the proposed regulations to address industry concerns, while still allowing CARB to recoup a reasonable portion of the funds expended for these activities. CARB staff evaluated the tiered low-volume engine family rates proposed by commentors, but the approach would not bring in sufficient fees to cover

CARB's reasonable costs for motorcycle certification and compliance activities. CARB staff did respond to the comment to reduce costs for small volume manufacturers by increasing from three to six the number of reduced-cost applications per year for lower volume motorcycle producers that produce 2,500 or fewer on-road motorcycles for sale in California (see response to Suzuki Comment 6.)\_Consequently, with this modification, staff believe the proposed fees provide the right balance between providing motorcycle manufacturers with reduced-fee application options and allowing CARB to recoup a portion of funds expended on certification and compliance activities. Therefore, no additional changes were made in response to the comment.

- 16) Comment: Our members remain concerned about a few things and particularly the high cost of new certifications, especially compared with EPA's cert fees. EPA cert fees compared with CARB's proposed cert fees represent 900 percent plus difference. And that is very concerning to our members. California is a very -- a relatively small market compared with the rest of the U.S. And so the proposed fees do potentially have a significant impact on the development of future product and offering them in the California market.

US EPA recently announced a 3.6 percent reduction in calendar year 2022 certification fees for HMC. While the reduction is small, in the eyes of manufacturers, it magnifies the considerably high fees that CARB is proposing to assess for certification of the same engine families. This magnification is increased when comparing the per-vehicle impact of CARB's proposed fees, which can exceed \$100, associated with a California market that is significantly smaller than that of the entire US. High per-vehicle costs work against product viability and force manufacturers to reconsider product offerings for California consumers. High per-vehicle costs and reduced product offerings serve to damage and not support California business. (Eric Barnes, Vice President, Technical Programs, MIC; representing MIC, SVIA, ROHVA)

Comment: US EPA recently announced a 3.6 percent reduction in calendar year 2022 certification fees for HMC. While the reduction is small, it magnifies the considerably high fees that CARB is proposing to assess for certification of the same engine families. This magnification is increased when comparing the per-vehicle impact of CARB's proposed fees, which can exceed \$100, associated with a California market that is significantly smaller than that of the entire US. High per-vehicle costs work against product viability and force us to reconsider product offerings for California dealers and consumers. High per-vehicle costs and reduced product offerings serve to damage and not support California business. (Viola Mader, Director of Homologation and Compliance, KTM North America, Inc.)

Agency Response: CARB determined the proposed fees based on California's program and costs. The costs and fee methodology that were used in staff's analysis is outlined in the SRIA. This cost and fee methodology was presented to stakeholders during five public workshops, at which time public comment was solicited. Staff did evaluate the costs and benefits to California of adopting identical fees to U.S. EPA. This analysis is shown as Alternative 2 (Section F.2) in the SRIA. As discussed in the SRIA, CARB rejected Alternative 2 because the U.S. EPA fee structure and program does not adequately reflect CARB's workload effort and does not sufficiently cover CARB's reasonable costs. This alternative does not recover reasonable costs as required by statute. Therefore, no changes were made in response to this comment.

- 17) Comment: On-highway motorcycles are currently in the process of a regulatory development activity, which will result in considerable cost impact to manufacturers. And the addition of these fees will further amplify the cost impact for manufacturers. And so we request CARB to please expand reductions for our products. (Eric Barnes, Vice President, Technical Programs, MIC; representing MIC, SVIA, ROHVA)

Agency Response: Staff will consider the cost impact of the proposed fees as a part of the other regulatory development process for on-road motorcycle emission standards. Since that rulemaking proposal has not yet been finalized, it is not possible to assess the costs to manufacturers from that future rulemaking at this time. Therefore, no changes have been made in response to this comment.

- 18) Comment: KTM North America, Inc. has raised concerns through MIC and during an individual meeting about CARB's proposed certification and compliance fees. While we appreciate the reduction in proposed fees for carry-over, partial carry-over, and low-volume engine families, these measures do not go far enough to alleviate the damaging and considerably high per-vehicle costs the proposed fees will create for our situation.

KTM North America, Inc. is not opposed to paying reasonable certification fees which support maintenance of broad product offerings and continuation of California businesses. CARB's proposed certification fees will result in high per-unit costs which KTM North America, Inc. plans to pass on to the dealers and consumers in the California market. This will inevitably cause harm to HMC and OHRV product availability and continued business activity. CARB's proposal for low-volume HMC engine families is one way to reduce the number of engine families subject to high per-vehicle certification fees, therefore options such as this must be expanded. (Viola Mader, Director of Homologation and Compliance, KTM North America, Inc.)

Agency Response: CARB believes the proposed regulation and subsequent 15-day modification for the additional reduced fee application types provides a reasonable balance between the commercial viability of these product lines and the purpose of the proposed regulation. See response to Comments 6, 15-17. Therefore, no additional changes have been made in response to this comment.

- 19) Comment: EMA does not support the adoption of a separate certification fee program, especially one that is not fully harmonized with the U.S. Environmental Protection Agency's (EPA) Motor Vehicle and Engine Compliance Program (MVECP). Separate, and fundamentally different, programs will increase the burden on regulated entities that are subject to the certification fees. EMA strongly recommends that CARB harmonize its proposed fees program with that of the MVECP in as much as possible prior to issuing a Final Regulation Order, to decrease burden and provide greater regulatory clarity -- specifically, for those provisions concerning the calculation of fees, reduced fees for low volume manufacturers, and fee refunds/credits.

The increased burden to regulated entities with the adoption of a separate and fundamentally different certification fees program is concerning. Even with the incorporation of phase-in and reduced fee opportunities, the costs are still extremely high for many categories in relation to the U.S. EPA fee schedule. And the ISOR and SRIA did not provide sufficient detail in explaining the significant difference in the fees. (Tia Sutton, EMA)

Agency Response: The fees proposed by CARB were determined based on the essential activities to implement the Mobile Source Certification and Compliance Program. Existing program costs were calculated by analyzing existing activities within the scope of the of regulatory certification activities covered by the Proposed Regulation. Here, CARB followed the same cost collection methodology as conducted by U.S. EPA<sup>6</sup> in 2004 for their mobile source fee development. Costs include labor, operational, equipment, and facility costs to conduct the described activities.

To estimate CARB's program costs for certification and compliance, surveys were conducted to collect 2018 labor, operational, equipment, and facility costs to implement the program. Equipment costs were amortized over ten years. Facility space only includes the space used for vehicle and engine testing - the labor analysis included basic housing and equipment costs. The costs for equipment and facility costs were adjusted to only include the percentage of time used to conduct certification and compliance activities.

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<sup>6</sup> The Motor Vehicle and Engine Compliance Program (MVECP) fees rule (69 Fed. Reg. 26222, May 11, 2004)

Appendix A of the SRIA provides the detailed methodology and cost numbers used by CARB to develop the proposed fees. It is unclear if the commenter is requesting that CARB provide comparable level of detail for the costs used by U.S. EPA to establish federal fees (e.g., labor costs, testing equipment types and costs, facility costs). However, the details of U.S. EPA's fee calculations do not change the costs borne by CARB. Therefore, no changes were made in response to this comment.

- 20) Comment: The Proposal provides reduced fee provisions for "low California Production Manufacturers," however, these provisions are only provided for certain categories -- those categories for which a "business need" was identified prior to the publication of the Proposal. This presupposes that all companies currently in the market are the only companies that should be permitted to utilize such flexibilities. New businesses entering the market in the future in any of the omitted categories, or existing businesses that have a change in their California production, will be unnecessarily penalized if the low production provisions remain as written. EMA strongly recommends that CARB provide low production manufacturer reduced fee provisions in all sectors -- whether a "business need" is known at this time or not. (Tia Sutton, EMA)

Agency Response: Staff has modified the regulatory language in response to this comment as part of the 15-day changes to allow manufacturers seeking certification for the first time in California to use projected California sales rather than actual sales to estimate model-year production volume.

However, staff disagree that the "low California production manufacturer" fee type should be available in all categories. The reduced cost fee types were presented throughout the workshop development process for the proposed rulemaking and CARB staff requested data or information that could be used to justify offering the reduced cost fee types. However, CARB did not receive evidence justifying this fee type for all on-road categories. Further, for the on-road categories specifically, the legislature directed that the proposed fees "shall be in an amount sufficient to cover the state board's reasonable costs (Health and Safety Code section 43019). This limits the ability to provide reduced cost fee types across the board for the on-road categories.

- 21) Comment: EMA believes the inclusion of small spark ignition/small off-road engine (SSI/SORE) product in this regulation is premature given the proposed SSI/SORE rulemaking anticipated in Fall 2021 and the substantial impact on the product category with the transition to zero-emission equipment. Many of the assumptions utilized for calculation of the proposed SSI/SORE certification fees are based on current and projected sales of product which would not exist in the proposed program design presented by CARB staff at the March 24th, 2021 SORE Workshop. Under that

proposed design, all SSI/SORE products except portable generators would transition to zero emissions as of model year (MY) 2024. Portable generators would transition to zero emissions as of MY2028.

There is a very short time lead time for the majority of SSI/SORE products to transition to zero emissions (MY2024) which will result in few new certification applications, likely limited to portable generators as the use of credits will be restricted with expiration dates and the ability to earn new credits is limited.

The swift transition to zero-emission SSI/SORE products proposed by CARB staff for MY2024 will significantly impact the manufacturers of SSI/SORE products and reduce the number of manufacturers certifying products in California. The number of certification applications and number of CARB staff evaluations will substantially decline between MY2020 and MY2024, and not exist as of MY2028. The complexity of the category will be significantly less as the transition to zero emission products takes place (only one type of product after MY2024) and evaluations will be less complex as the transition takes place. (Tia Sutton, EMA)

Agency Response: The comment is not entirely responsive to the proposed fee regulation since it addresses potential future amendments to the SORE regulations. As previously mentioned, the fee proposal is based on the current certification regulations and the staff resources needed to implement them. Staff recognize that CARB's certification and compliance activities are less time and resource intensive for zero-emission equipment than for products that use an internal combustion engine. Consequently, the proposed regulations establish reduced application fees for zero-emission SORE technology.

While CARB is developing modified emission control regulations for SORE, these proposed changes are not yet final. So, designing the proposed fee regulation based on speculation about the content of potential future modifications to the SORE regulations would be premature at this time. If, however, during the SORE rulemaking process CARB makes the determination that the proposed fees should be adjusted, changes may be considered at that time. Therefore, no changes were made in response to this comment.

22) Comment: In addition, the proposed fee is a large percentage of the cost of SSI/SORE product, especially compared to other product categories and, as previously noted, the Proposal does not include small volume reduced fee provisions for SSI/SORE, unlike large spark ignition engines and recreational off-road vehicles, similar categories. (Tia Sutton, EMA)

Agency Response: As previously discussed, see response to Comment 11, staff estimate that the per unit cost added to SORE products due to the fee regulation will be approximately \$0.70. Assuming retail cost estimates for SORE equipment that range from around \$70 per unit (for some string trimmers) to approximately \$15,000 per unit (for some riding lawn mowers and other equipment), a cost increase of \$0.70 per unit ranges from 1 percent (for a \$70 unit) to 0.005 percent (for a \$15,000 unit). Staff believe these percentages are reasonable. Therefore, no changes were made in response to this comment.

- 23) Comment: We also believe that a number of the factors used to derive the costs of certification require the disclosure of additional detail to reflect the actual costs of operating the program, especially with regards to staff labor, and how the testing equipment is accounted for in ARB's financial accounting system. (Tia Sutton, EMA)

Agency Response: It is unclear what "additional detail" EMA believes is needed "to reflect the actual costs of operating the program," but is lacking from CARB's cost analysis. Appendix A of the SRIA describes CARB's certification and compliance programs that apply to each mobile source program category. The methodology used by CARB to determine existing and future program costs (including direct and indirect labor costs, operational costs, equipment costs, and facility costs), which is presented in Appendix A, include staff salaries, number of staff assigned to each category, a list of all laboratory test equipment, and other relevant assumptions. Therefore, no change was made in response to this comment.

- 24) Comment: EMA agrees with the comments submitted by the Outdoor Power Equipment Institute (OPEI) on the proposed Certification Fee Regulation as it applies to SORE products. Given the SORE rulemaking anticipated this fall, which aims to transition the category to zero emissions beginning in 2024, the proposed certification fees are based on current and projected sales and application complexity of products that may not exist under the draft program design presented by CARB staff during the March 24th SORE workshop. (Tia Sutton, EMA)

Agency Response: See response to Comments 8-14.

- 25) Comment: In addition to fee credit provisions, a refund policy should be incorporated for instances of manufacturer overpayment, no certificate issues, zero sales, or where a manufacturer would have qualified for a reduced fee. Manufacturers could then choose to either receive a refund or a fee credit. (Tia Sutton, EMA)

Agency Response: Staff modified the regulatory language as part of the first 15-day notice to provide a refund of application fees submitted by an

applicant rather than a credit. In evaluating the feasibility of this proposal, staff determined that implementing both a fee credit and a fee refund process would be inefficient and unreasonably complex for both applicants and staff to implement. Therefore, the modified regulatory language replaces the fee credit process with a fee refund process rather than including both. All eligibility criteria are identical to the original proposed regulation, except that a refund will also be available upon request in the case of an overpayment, which includes instances where a manufacturer would have qualified for a reduced fee. No refunds will be given for instances in which no certificate is issued or zero sales beyond the express timelines included in section 2902 (b) because staff would have performed all of the work required to process an application, even if that application results in no certificate being issued or zero sales of the product.

- 26) Comment: Regulated entities should be permitted to use e-credits at any time with no expiry date. Regarding the fee -- the criteria for fee credit table, if an application is withdrawn after 15 days, but no work has been performed on the application, a full refund or fee credit should also be provided. (Tia Sutton, EMA)

Agency Response: The proposed regulations, as modified by the first 15-day notice, allow an applicant to receive a full or partial refund of fees paid based on the amount of time that has passed between when the fee is paid to CARB and when a refund is requested. The percentage of the fee that is eligible for a refund is based on the amount of work estimated to have been completed on the application within the specified timeframe. Proposed section 2902 sets forth the schedule and criteria for issuance of fee refunds.

Staff determined that minimal work is done on applications received by CARB within 15 days of submittal. Consequently, the proposed regulations allowed for 100 percent refund for withdrawal of an application in writing within 15 calendar days of the fee payment or the date the Executive Officer notifies the applicant that the submitted payment is not the appropriate fee type for the application submitted, or if an incorrect fee payment is made. The proposed regulation also allows for 100 percent refund if no application is received, as no CARB resources could have been expended for review.

Beyond the 15-day time period, staff will have begun processing an application. (See Chapter IV, section B.3 of the staff report for additional explanation of the proposed fee refund schedule.) Therefore, no change was made in response to this comment.

- 27) Comment: EMA recommends that CARB fully consider and explore all comments and concerns raised, and further harmonize with the U.S. EPA Motor Vehicle and Engine Compliance Program as noted above, prior to



adoption of a Final Regulation Order for the Mobile Source Certification and Compliance Fees Program. (Tia Sutton, EMA)

Agency Response: See response to Comment 16.

### **3. Comments Regarding Processing of Applications**

28) Comment: In discussing the proposed regulation with representatives from the aftermarket and performance parts industry, it's my opinion that while the fees proposed for Executive Order applications are a reasonable starting place, a significant amount of uncertainty persists, for both the Board and industry, stemming from recent changes to the application process.... In reviewing the fee proposal and discussing it with SEMA, I appreciate CARB's acknowledgement that the fee be appropriate while not unduly harming small businesses recovering from the pandemic or undermining compliance with California's air quality standards.

Further, in my recent conversations with manufacturers and industry representatives, they are encouraged that the improvements in application processing times resulting from the new procedures recently approved by CARB will provide enhanced certainty with respect to timely processing. In recognition of the productive relationship CARB has forged with the aftermarket and performance parts industry, I request that CARB maintain an open dialogue with the industry in the near-term, while ensuring that the new fee structure is reasonable, and applicants benefit from improved processing times.

Given the uncertainties surrounding the new procedures and the fee itself, re-assessing both the fee and procedures regulations in the near future will be important. I want to be mindful that if the application process is allowed to be too lengthy, expensive, or unpredictable, it will unfortunately have the net effect of deterring compliance for manufacturers while creating a costly enforcement burden for CARB and also harming California's air quality in the long run. (Josh Newman, State Senator, 29<sup>th</sup> District)

Agency Response: In 2020, when CARB adopted new aftermarket parts certification procedures, staff committed to assessing the effectiveness of the procedures once they are finalized and in effect. The assessment will review how the streamlining improvements are being implemented and whether the improvements are reducing the time between when an application is submitted to CARB and when an Executive Order is issued and the product can be brought to market.

Once both regulations are effective and fully implemented this future assessment will focus on determining the combined impact of the new procedures along with the new fees, which begin in calendar year 2022.

Staff expects this future assessment will take a year or a year and a half to complete, and any recommended adjustments to the fees would probably be submitted to the Board sometime after mid-2023.

29) Comment: In reviewing the fee proposal in the Board's April 22 agenda packet, SEMA is generally supportive of the proposed fee of \$500 to \$1,000 on each Executive Order application. However, because the newly adopted procedures for the application process will compel applicants to submit multiple applications, and the improvements in application processing times are largely reliant on the new procedures (which have not been finalized and implemented), a great deal of uncertainty exists for our members. As such, we request that the Board commit to re-evaluating the fee structure and the application process 18 months after the first fees are charged to ensure the fees paid by applicants on an annual basis are practical, maintain compliance, and that payors are benefitting from improved processing times and are not being overly burdened financially. The review should be a collaborative one, not just the opinions and analysis of staff, but include industry input to validate, (1) that the procedures are being consistently applied to EO applications that are then being issued in a timely matter, and (2) the fee structure has not resulted in an unacceptable multiplier that burdens or possibly discourages industry.

Agency Response: See response to Comment 28.

30) Comment: Additionally, we ask the Board direct staff to publish and adhere to specific application process timelines to make certain applicants clearly understand the timelines expected of both Board staff & applicants when an application is in process.

As SEMA has maintained during this entire process, an expensive, unpredictable, and lengthy application process will deter compliance for manufacturers selling parts in California while creating a costly enforcement burden for the Board and hurting California's air quality. (David Goch, General Counsel, SEMA)

Agency Response: This comment is outside the scope of the proposed rulemaking.

31) Comment: Regarding the fees, SEMA supports moving forward with the aftermarket schedule as proposed. We do want to state for the record however this support is based on staff representations and understandings that the EO process will be clearly defined, understood, interpreted consistently, and executed collaboratively. Further, EO processing times should improve. EO is being issued consistent with the timeline SEMA created and has shared with CARB staff. Ideally, that timeline being

memorialized by CARB staff as a policy-type document. (David Goch, General Counsel, SEMA)

Agency Response: This comment is outside the scope of the proposed rulemaking.

32) Comment: Lastly, our support is predicated on CARB staff's expressed interpretation of the procedures and that favorable - and I'm doing finger quotes around that - discretion will be exercised in the application of categories one and eight and their related fees to the EO process to minimize the accumulated cost for a product's EO coverage. (David Goch, General Counsel, SEMA)

Agency Response: This comment is outside the scope of the proposed rulemaking.

33) Comment: We'd also like to ask that the certification process itself be looked at for improvement, look for areas or ways in which the process can be improved to reduce costs. (Eric Barnes, Vice President, Technical Programs, MIC; representing MIC, SVIA, ROHVA)

Agency Response: CARB continually strives to improve the efficiency of our mobile source certification process. As discussed throughout this rulemaking process, the proposed fees were based on scope of the actual work conducted by staff during mobile source certification and compliance activities. As such, staff will continue to monitor the impacts of any changes to the efficiency of our mobile source certification process and reevaluate the appropriateness of fees as needed.

#### **4. Comments in Support of the Proposal**

34) Comment: The Manufacturers of Emission Controls Association (MECA) would like to provide comments in support of the California Air Resources Board's (CARB) proposed Mobile Source Certification and Compliance Fees. We support CARB's ongoing leadership in the effort to reduce the environmental footprint of transportation to meet the state's SIP and climate goals, including regulations that provide pathways to maintain and improve the cleanliness of the in-use fleet.

We appreciate CARB's dedication and hard work to propose a schedule of fees that are reasonable and cost effective.

In particular, the setting of reasonable fees for aftermarket catalytic converter parts is appreciated in light of a declining market and at a time when there is also a need for increased vehicle coverage. We further thank

staff for considering the impact of fees on small businesses that are applying for new executive orders.

(Rasto Brezny, Executive Director, MECA)

Agency Response: We appreciate this comment.

- 35) Comment: Retrofit Manufacturers also appreciate the exemption for pre-existing retrofit verifications as the retrofit market is sunsetting rapidly and companies simply do not have the ability to recoup such fees given the low number of future sales. Furthermore, their business models that were developed many years ago did not factor in such fees. We would note to the Board however, that the high fees will very likely discourage new verifications. (Rasto Brezny, Executive Director, MECA)

Agency Response: CARB staff recognizes that newly established fees for verifications of retrofit devices would increase the costs for technology developers to bring products to market. However, CARB contends that the increased costs due to fees will not significantly impact a prospective applicant's decision to verify their product. First, even in the absence of the newly proposed fees, verification requires developing a commercial-ready product and verifying through an extensive process that requires emissions testing. There are additional costs associated with establishing a network of authorized installers and providing in-field support. After selling 300 units, technology developers are required to perform additional in-use emissions testing. Second, in accordance with MECA's comment regarding establishing business models for new products, new verification costs would be passed onto the end user. In the example of Commercial Harbor Craft, where CARB staff is anticipating technology developers to submit new applications for verification for the marine market, per-unit cost increases are less than \$500 per diesel particulate filter sold between 2023 and 2031 (see Table C-1-11 on p. 36 of the SRIA). CARB staff does not consider a cost increase of \$500 per diesel particulate filter out of compliance costs that range between \$600,000 to \$6 million per vessel to significantly impact a technology developer's potential to sell verified systems.

- 36) Comment: MECA supports this proposal. We appreciate CARB's efforts to propose a schedule of fees that are reasonable and cost effective. This is the best way to encourage further industry investments to ensure the broadest parts coverage, maintain, market competitiveness, and provide the lowest cost to the consumer, so they can afford to maintain their vehicles once they are outside of their original manufacturer warranty periods, yet still have remaining service life. This is particularly important for social justice. (Kevin Brown, MECA)

Agency Response: We appreciate this comment.

37) Comment: Make no mistake, this proposal will result in an increase in certification fees for light-duty vehicle manufacturers. However, it also fairly distributes the cost of ARB's certification programs across all six major regulatory groups. The proposal also addresses other light-duty vehicle manufacturer concerns. It includes a reasonable phase-in of increased fees for light-duty vehicle certifications and differing fees commensurate with ARB's costs for different types of applications, including full applications, carry-over applications, and applications for zero-emission vehicles.

For these reasons, the Alliance for Automotive Innovation supports the staff's recommendation to adopt the proposed resolution and regulations for the mobile source certification and compliance fees. (Michael Hartrick, Alliance for Automotive Innovation)

Agency Response: We appreciate this comment.

38) Comment: The Lung Association respectfully urges the adoption of the proposed regulations for the mobile source certification and compliance fees. We view those updated fees as vital to supporting the enforcement of clean air policies to improve air quality especially for our most impacted communities, such as individuals living with preexisting conditions and low income and disadvantaged communities who too often bear disproportionate health burdens from poor air quality.

The policy will help ensure resources to follow through in mitigating air pollution and ensure resources are available to protect community lung health, ensure our most impacted communities are able to breathe clean, healthy air. (Steven Jimenez, American Lung Association)

Agency Response: We appreciate this comment.

## **B. Written Comments Received During the First 15-Day Comment Period**

39) Comment: While we support CARB's initiative to recoup some of their costs through fees, particularly as it relates to its ability to hire additional staff to process E.O. applications in a timely matter, we are concerned that fees beyond a reasonable level will impact our ability to compete in the market. The proposed fee levels would be detrimental to our business in the State of California, impacting not only us, but also the State's tax revenue.

The volume of engines for the SPMV programs are still to be determined. Based on the SPMV 325 vehicle per year limit for vehicle manufacturers, it is likely that small volume engine manufacturers will be producing engines at similar small volumes until a larger business can be established. This would require small volume engine manufacturers to spread the CARB proposed

\$11,627 to \$23,254 annual certification fees over a very small number of engines sold.

As a small volume engine manufacturer, the Edelbrock Group is comfortable with an application fee of \$1,000 for small volume engine manufacturers of SPMV & SPCNS certified engine packages. We believe that this is the high end of what this market will bear. (Braden Liberg, Director, Compliance & Calibration Engineering, Edelbrock Group)

Comment: SEMA thanks CARB staff for setting a reasonable certification base fee for SPMV vehicle manufacturers: \$1,000. SEMA respectfully requests that CARB revisit the proposed certification base fee for SPCNS and SPMV engine packages which starts at \$11,627 and rises to \$23,254.

SEMA has received member feedback that the fee would be onerous for small volume engine manufacturers already feeling challenged to produce such packages, given the limited number of potential sales.

SEMA recommends that the number be closer to that set for vehicle manufacturer certification, while recognizing that the certification process requires more processing time for engine packages. Establishing the fee structure is a balancing act. A fee that is too high, such as the proposed fee of \$11,627, is a disincentive for the engine package supplier to participate in the program. (Daniel Ingber, Vice President, Government and Legal Affairs, SEMA)

Agency Response: There is expected to be significant overlap between manufacturers within the SPMV and the SPCNS categories. However, staff agree that the market for SPMVs is not sufficiently developed to bear the full cost of the phased-in fees in the timeframe proposed in the first 15-day notice. This is a result of existing SPMV certification regulations (California Code of Regulations, title 13, section 2209.1) that require both the manufacturer and the vehicle to meet all applicable requirements established by NHTSA before the vehicle can be certified and sold in California. As of the time of this rulemaking, NHTSA has not yet finalized their rule to allow for approval of an SPMV; however, finalization is expected to occur by January 2022.<sup>7</sup> Consequently, SPMV manufacturers will not be able to apply for CARB certification of their products and benefit from the proposed phase-in schedule unless the phase-in is delayed by one year to model years 2024 through 2026. Therefore, delay of the phase-in of these new fees was added as part of the second 15-day notice to provide

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<sup>7</sup> Office of Information and Regulatory Affairs, Office of Management and Budget, 2021. Spring 2021 Unified Agenda of Regulatory and Deregulatory Actions. <https://www.reginfo.gov/public/do/eAgendaViewRule?pubId=202104&RIN=2127-AL77>. Accessed June 2021.

additional time for market development of SPMV and SPCNS motor vehicles and engines.

- 40) Comment: Define a Small Volume Engine Manufacturer as one that produces not more than 5,000 engines per year. This could be based in a similar way to how an SPMV manufacturer is defined in CCR 2209.1 (17):

“SPMV manufacturer” means a low volume motor vehicle manufacturer that produces an annual worldwide production (including by a parent or subsidiary of the manufacturer) of not more than 5,000 motor vehicles each year, including prior years. (Braden Liberg, Director, Compliance & Calibration Engineering, Edelbrock Group)

Agency Response: It is unclear why this comment is requesting that CARB adopt a definition for a “small volume engine manufacturer,” since the commenter does not also request the establishment of low-cost “small volume engine manufacturer” fees. Staff did evaluate the per-vehicle impact of the proposed fees on the cost of a relatively low number of SPMVs produced for sale. However, these specialty, low volume vehicles are predicted to have a relatively high final purchase price reducing the impact of the relatively modest certification fee (compared to other on-road vehicle categories). Consequently, staff believes that the proposed application fees can be rolled into the engine and vehicle price, and therefore no change was made in response to this comment.

- 41) Comment: We thank CARB for proposing to double the total number of allowable low volume engine families (EFs) per MY under certain circumstances, however this does not change the situation for us specifically due to the 2,500 total unit sales restriction.

We propose to make the additional 3 low volume EFs available without the maximum 2,500 total units restriction and to offer an optional tiered structure, where up to 200 or up to 300 units maximum EF sales are assessed at a multiplier of the original discounted rate, for example 15 and 20% of the base fee respectively [101 – 200 units: \$1,308 and 201 – 300 units: \$1,744] which would greatly alleviate the burden on manufacturers that have multiple EFs with unit volumes between 101 and 300 each.

Additionally, we would like to point out that under the current proposal, we would be subject to a potential year over year rate increase by 500% for a carry-over application or by 1000% for a MY25 partial carry-over application, simply by exceeding the maximum allowable number of units per EF. This scenario does not appear to be reasonable or in any way related to the actual cost of processing the application. (Viola Mader, Director of Homologation and Compliance, KTM North America, Inc.)

Agency Response: The partial carry-over and carry-over fee types are available to all manufacturers, regardless of the size of the manufacturer or volume of the sales. These application fees are discounted from the base fee. See response to Comment 15.

### **C. Written Comments Received During the Second 15-Day Comment Period**

No comments were received during the second 15-Day comment period.

## **IV. Peer Review**

Health and Safety Code section 57004 sets forth requirements for peer review of identified portions of rulemakings proposed by entities within the California Environmental Protection Agency, including CARB. Specifically, the scientific basis or scientific portion of a proposed rule may be subject to this peer review process. Here, CARB determined that the rulemaking at issue does not contain a scientific basis or scientific portion subject to peer review, and thus no peer review as set forth in Section 57004 was or needed to be performed.

## **V. List of Acronyms and Abbreviations**

ARB:	California Air Resources Board
CARB:	California Air Resources Board
EF:	Engine family
EO:	Executive Order
HMC:	On-highway motorcycles
MY:	Model year
NHTSA:	National Highway Traffic and Safety Administration
OBD:	On-board diagnostics
OHRV:	Off-highway recreational vehicle
SORE:	Small Off-Road Engine
SPCNS:	Specially constructed vehicle
SPMV:	Specially produced motor vehicle
SRIA:	Standardized Regulatory Impact Assessment (available at: <a href="#">Appendix B: Revised Standardized Regulatory Impact Assessment (SRIA)</a> )
SSI:	Small spark ignition
US EPA:	United States Environmental Protection Agency