



# Regulatory Advisory

August 2013



Mail-Out #MSCD 13-18

## TRUCK AND BUS REGULATION

### RESPONSIBILITY OF RENTAL ENTITIES AND FINANCING COMPANIES

The purpose of this advisory is to clarify the responsibilities of vehicle rental entities and financing companies that provide loans or other financing for vehicles or exhaust retrofits that are subject to the Truck and Bus regulation (regulation).

#### Background

The Truck and Bus regulation (Title 13 California Code of Regulations (CCR) section 2025) applies to any entity that owns, operates, leases, rents or sells affected vehicles in California. (Title 13 CCR section 2025(b)). It requires diesel truck and bus owners to take steps to reduce their engine emissions. Nearly all trucks and buses with a manufacturer's gross vehicle weight rating greater than 14,000 pounds that operate in California are required to be upgraded to reduce exhaust emissions between 2012 and 2023. To comply with these requirements, fleet owners can upgrade existing engines by installing particulate matter (PM) filters that are Verified Diesel Emission Control Strategies approved by Air Resources Board (ARB), or by upgrading to cleaner engines or vehicles. Fleet owners and rental and leasing companies as defined in the regulation in 2025(d)(29)(B)(1) are also responsible for compliance.

#### Compliance Responsibility

ARB believes that for purposes of the Truck and Bus regulation a financing company or a person that only provides financing to a third party in the form of "finance leases," as defined in California Uniform Commercial Code Section 10103(a)(7), is not considered to "own" the vehicles that are financed. Similarly, a financing company or a person that only provides financing to a third party for engine replacements or for PM filter retrofits is not considered to be the owner of the engine or retrofit.

However, entities that provide leased or rental vehicles are responsible for compliance with the regulation under certain situations. The rental or leasing entity is responsible for compliance for vehicles that are leased to others in increments of less than one year. For leases of one year or longer, the rental or leasing entity is responsible for compliance unless the rental or lease agreement specifies that the renting operator or lessee will be responsible for compliance with State laws.

#### More Information

For further information about ARB's diesel regulations, please visit [www.arb.ca.gov/truckstop](http://www.arb.ca.gov/truckstop) or call 1-866-6DIESEL (866-634-3735), or email us at [8666diesel@arb.ca.gov](mailto:8666diesel@arb.ca.gov).