



California New Car Dealers Association

June 24, 2010

The Honorable Alan Lowenthal
Chairman, Senate Transportation & Housing Committee
State Capitol, Room 2032
Sacramento, California 95814

Re: AB 787 (Hill), As Amended June 15, 2010 – Vehicle Repair Assistance and Retirement Programs
Position: SUPPORT
Hearing: Senate Transportation & Housing Committee, June 29, 2010

Dear Senator Lowenthal:

The California New Car Dealers Association (CNCDA) is a statewide trade association that represents the interests of over 1100 franchised new car and truck dealer members. CNCDA members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repair and part sales. We are writing to express our support for AB 787, which would increase the cap on vehicle retirement payments from \$1,500 to \$2,000 and closes a loophole allowing any person, regardless of economic means, to take advantage of the vehicle repair assistance program administered by the Bureau of Automotive Repair (BAR).

With the passage of AB 118 (Núñez) in 2007, California now has several disparate vehicle retirement programs, many of which work in conflict with each other:

- **Enhanced Fleet Modernization Program (EFMP)**. AB 118's new program is funded by a \$1 vehicle registration fee increase effective since July 1, 2009 and regulations implementing the program to maximize air quality improvements should be finalized soon by the California Air Resources Board (CARB). The program design is flexible by not requiring a vehicle to fail smog check and allows for targeting of specific classes of vehicles for retirement.
- **BAR Consumer Assistance Program**. This long standing program requires a consumer to fail a smog check before seeking repair assistance or a cash pay-out for scrapping the vehicle. Because of the narrow requirements of the program, BAR is unable to spend all the funds allocated for this purpose. (AB 787 is focused on this program).

- **Air District Retirement Programs.** Various air districts, from the Bay Area to San Joaquin, have targeted, pilot level programs using state funds to retire vehicles. Some of these programs have proved very successful, while others have yielded mixed results.
- **Private Sector Retirement Programs.** Local non-profit programs, such as Valley CAN (Clean Air Now) are designed to fill the gaps in existing state and local efforts with better targeting of consumers and vehicles and more flexibility.

While all of these programs have merit, CARB's expressed desire in its 2007 State Implementation Plan for the retirement of an additional 60,000 vehicles over the next several years calls out for harmonization of these various policies. Moreover, with the passage of AB 32 (Núñez) of 2006, taking into account the potential greenhouse gas emissions reductions for vehicles retired under these various programs needs to be specifically addressed.

AB 787 takes the first concrete steps toward addressing these concerns by accomplishing the following:

1. **Increasing the voucher ceiling for vehicle retirements from \$1,500 to \$2,000.** Several times over the last several years, the High Polluter Repair and Removal Account (HPRRA) has run multi-million dollar surpluses because of the strictures the legislature has placed on how is eligible to retire vehicles. (This bill also modifies the rules to allow for retirement of any vehicle that fails a smog check inspection). In 2010, CARB estimates approximately 5.8 million vehicles are at least 15 years old. With these older vehicles representing about 25% of the vehicle fleet, but accounting for 75% of the pollution from cars, the time to address this critical issue is now by speeding up the pace of vehicle retirements.
2. **Narrowing the scope of the Consumer Assistance Program (CAP) for vehicle repair to only income eligible participants.** For too long, the state has been subsidizing the repair of vehicles failing smog check regardless of an individual's financial means. In this era of tight budgets, it makes sense to spend the money where it is needed most: helping consumers with little or no other transportation alternatives to repair their vehicles so they can safely stay on the road, while improving air quality through effective repairs.

In our view, AB 787 is the beginning and not the end of the process required to bring California's fleet modernization programs into the 21st Century. With EFMP beginning soon, we look forward to working with the author and the legislature to further address how state and local retirement programs can be better targeted, further streamlined and made as cost-effective as possible.

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Based upon the foregoing, we respectfully urge your "AYE" vote on AB 787. Should you or your staff have any questions or comments, please do not hesitate to give me a call.

Very truly yours,

A handwritten signature in black ink, appearing to read "Brian Maas", with a large, stylized initial "B" and a long horizontal flourish extending to the right.

Brian Maas
Director of Government Affairs

BWM:ef

cc: The Honorable Jerry Hill
Members of the Senate Transportation & Housing Committee
Jennifer Gress, Consultant, Senate Transportation & Housing Committee
Ted Morley, Senate Republican Caucus
Ralph Simoni, California Advocates, Inc.