

Mobile Source Certification and Compliance Fee Workshop

April 30, 2019

Agenda

- California Mobile Source Fee Authority-Background
 - HSC 43019
 - HSC 43202.5 and 43202.6 (2018, AB2381)
 - HSC 43019.1 (2018, SB 854)
- Mobile Source Certification, Audit, and Compliance Fee Regulation for Certain Source Categories
 - Regulation Scope
 - Fee Methodology Overview
 - Mobile Source Program Approval and Oversight
- Next Steps



2



California Mobile Source Fee Authority

3

HSC 43019

Current On-Road Vehicle/Engine Certification Fee

- Authority provided in 1988
- Authorizes CARB to adopt a schedule of fees for the certification of motor vehicles and engines sold in CA to cover the costs of state programs
- Procedures located at 13 CCR 1990-1994
- Fee is capped, allowed to increase annually with the California Consumer Price Index (CPI)
 - 1989: \$4,500,000
 - 2018: \$9,679,312



4



New HSC 43202.5 and 43202.6

New On-Road Vehicle/Engine Fees

- Authority provided by AB 2381 in 2018
- Requires CARB to enhance its certification, audit, and compliance activities for new motor vehicles to detect defeat devices or other software used to evade emissions testing
- Capped at \$5,000,000, allowed to adjust annually with CPI



5



New HSC 43019.1

New Off-Road, Aftermarket Parts, Components Fees

- Authority provided by SB 854 in 2018
- CARB may adopt a schedule of fees to cover all or a portion of the state board's reasonable costs associated with the certification, audit, and compliance as authorized pursuant to HSC 43013 and 43018, and subdivision (h) of Section 27156 of the Vehicle Code.



6



New HSC 43019.1

New Off-Road, Aftermarket Parts, Components Fees (continued)

- Includes categories not covered by current mobile source fees (HSC 43019: on-road vehicles, engines and motorcycles)
- Such categories may include:
 - Off-road engines and equipment
 - Non-vehicular engines and equipment
 - Aftermarket parts
 - Emissions control components



7



New HSC 43019.1

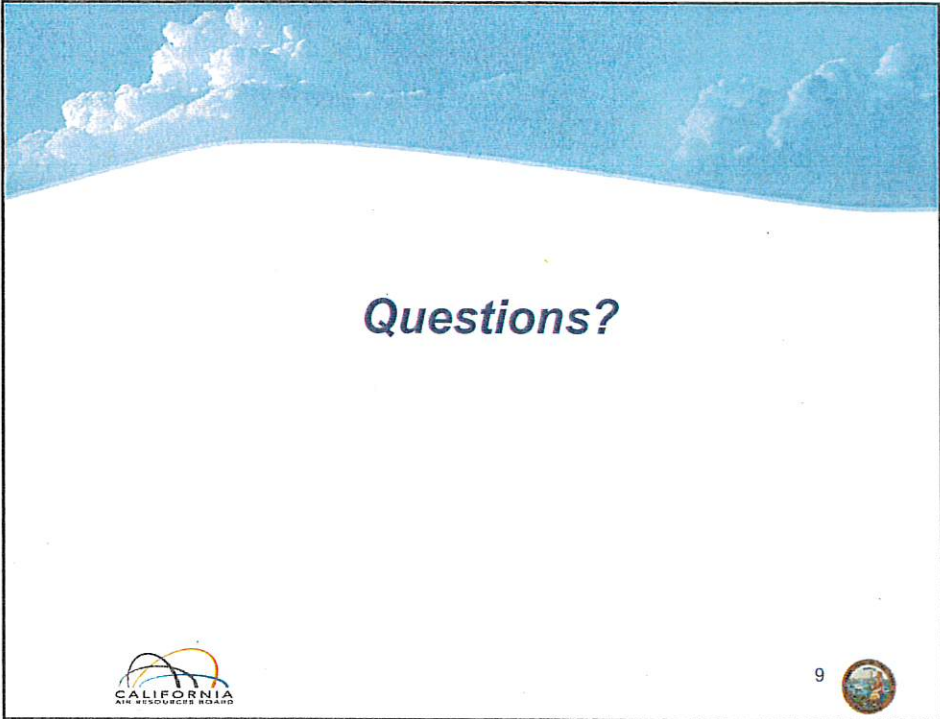
New Off-Road, Aftermarket Parts, Components Fees (continued)

- Fee assessment considers:
 - impacts on manufacturers
 - company size
 - number of certifications requested and consistency with prior-year certifications
 - category complexity
 - product's potential impact on emissions
 - potential change in number of certifications issued
 - impacts on processing time if fee doesn't cover CARB's costs





8





Questions?



9 



**Mobile Source Certification,
Audit, and Compliance Fee
Regulation for Certain Source
Categories**

10 

What will this regulatory activity cover?

Existing certification, verification or approvals, audits, and compliance activities for mobile source engines, vehicles, aftermarket parts, retrofits and components (next slide)



11



Executive Order (EO) Categories

EO Number Series	Topic	EO Number Series	Topic
G-07 thru 10	Portable Fuel Containers (PFCs) Certified For Use In California	D	Aftermarket Part Exemptions
RM	Evaporative components for Spark-ignited Marine Water Craft	B	Alternative Fuel Retrofit Certification
C-U	Small Off-Road Engines - Evaporative Components	K	Aftermarket Critical Emission Control Parts for Highway Motorcycles.
G-05	Small Off-Road Engines - Evaporative Components	N-yyyy-100	New On-Road Heavy-Duty Exempt Engines
Q	Small Off-Road Engines - Evaporative Components	U-R	New Off-Road Compression - Ignition Engines
A	New Cars, Light/Medium/Heavy-Duty Vehicles	U-L	New Off-Road Large Spark-Ignition (LSI) Engines/Equipment
M	New Street-Use Motorcycles	U-U	New Small Off-Road Spark - Ignition Engines/Equipment
T	Grey Market	U-W	New Spark - Ignition Marine Engines/Watercraft
P	New Federal AB965 Cars & Light-Duty Trucks	G-08 thru 09	Off-Road Large Spark Ignition Equipment
U-G	Electric Golf Carts	DE	Verification of Diesel Emission Control Strategies (On/Off Road, SS, Harbor Craft, TRU, RTG)
U-M	New Emission-Compliant ("Green Sticker") Off-Road Motorcycles & All-Terrain Vehicles	AB	Alternative Control Technologies (e.g. Bonnets) verification/approval for at-berth regulation
U-N	New Emission-Non-Compliant ("Red Sticker") Off-Road Motorcycles & All-Terrain Vehicles		



12



Not Covered by this Fee Regulation

- Future regulations that may rely on CARB's fee authority
- Source-specific regulations that may establish separate fees
- This proposed Fee Regulation does not purport to limit how CARB may define or calculate future regulatory fees.



13



Fee Models



- Staff evaluated US EPA and CARB current fee programs
 - Per unit sold approach requires manufacturer reporting
 - Application fee
 - Based on direct labor and operational costs
 - Adjusted annually by CPI
 - Indirect costs (building/administrative overhead)
 - Costs divided by the number of EOs issued per year



14





- ## Activities Used to Determine Costs for the Purposes of This Fee Regulation
- **Certification**
 - Review and approval of an application with the issuance of an executive order or authorization letter
 - **Audit**
 - Testing and confirming product in production or before sale, includes testing for defeat devices
 - **Compliance**
 - Warranty and in-use manufacturer reporting requirement
 - In-use and defeat device testing product after sale to meet durability and emission criteria
 - **Does not include enforcement, fee for use, or other**
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16


Executive Orders Issued

	2000	2010	2016	2018
Total Executive Orders (EOs) Issued-ECARS	2281	2375	3316	3972
On road Fee Payers -ECARS (PC/LDT/MDV/ONHD/ONMC)	1012	1049	1025	1146
Off-road Non-fee payers -ECARS (OFCI, OHRV, SORE, LSI, SIME)	1144	1075	2039	2553
Aftermarket Parts Exemptions Non-fee payers	125	251	252	273



17



Current Fee Payers

(subject to HSC 43019)

- Addition of AB 2381 activities (\$5,000,000) to current fees
- How will we calculate the new fee?
 - Fee design
 - Workgroup discussion



18



New Fee Payers

(subject to HSC 43019.1)

- Establish a fee based on HSC 43019.1
- How will we calculate the new fee?
 - Application fee
 - Reasonable costs labor, direct and indirect operational costs considering impacts on manufacturers, company size, number of EOs issued, category complexity, and products impact on emissions
 - Workgroup discussion



19



Next Steps

20

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Establish Working Groups

- Suggested Groups:
 - On-road/Fee payers
 - Off-road engine and equipment
 - Aftermarket parts, retrofits, components
- To discuss
 - Gather input to fee structure
 - Obtain business information



21



On-Road/Fee Payers Workgroup

- Light-duty, medium-duty, heavy-duty vehicles and engines, on-road motorcycles, and grey market laboratories
- Discussion/Agenda for working groups
 - Fee structure to include AB 2381 activities
 - Explore changing to application fee
 - Fee impacts on manufacturers
 - Dates for workgroup meeting



22



Off-road/Non-fee Payer Workgroup

- Categories
 - Off-road Compression Ignition (generators, dozers)
 - Sm. Spark-Ignition Engines/Equipment (lawn-mowers)
 - Lg. Spark-Ignition Engines/Equipment (forklifts, generators)
 - Spark-Ignition Marine Engines/Watercraft (outboard, inboard, sterndrive)
 - OHRV (ATVs, utility vehicles, off-road motorcycles)
- Discussion/Agenda for working groups
 - Fee structure
 - Fee impacts on manufacturers
 - Dates for workgroup meeting



23



Aftermarket Parts, Retrofits, and Components

- Categories:
 - Aftermarket parts (D)
 - Diesel Emission Control Strategies/Retrofits (DE)
 - Alt. Fuel Retrofits (B)
 - Alt. Control Tech. (e.g. Bonnets) verification/approval for at-berth regulation (AB)
 - Portable Fuel Containers - PFCs (G-07 thru 10)
 - Evap. Components for SI Marine Water Craft (RM)
 - Evap. Components for Sm. Off-Road Engines (C-U,G-05, Q)
- Discussion/Agenda for working groups
 - Fee structure
 - Fee impacts on manufacturers
 - Dates for workgroup meeting



24



Information Needed

- Business information
 - Number in each category affected by regulation
 - Number of small businesses
 - < 100 employees
 - Number headquartered in California



25



Timeline

- Workgroup Meetings (start May, 2019)
- Second Workshop (Late Summer, 2019)
- Board Hearing date (Spring, 2020)



26



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27



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