



AUTO ALLIANCE
DRIVING INNOVATION®

July 22, 2013

Clerk of the Board
Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: AB 118 Air Quality Improvement Program Funding Plan for FY 2013-14

Members of the Board:

The Alliance of Automobile Manufacturers writes to **SUPPORT** the staff recommendation for the AB 118 Air Quality Improvement Program Funding Plan for Fiscal Year 2013-14. Specifically, we support the continued inclusion of funding for the Clean Vehicle Rebate Program (CVRP).

As the staff report identifies, the popularity of the CVRP program continues to grow and demand for rebates continues to hit record highs. This is partially due to a multitude of new vehicles placed on the market by a number of manufacturers within the past year. We appreciate the report's recognition that auto manufacturers are now offering more than 29 different makes and models of vehicles that qualify for the rebate program.

We strongly concur with the staff analysis that lower rebate amounts could have unintended market consequences and that the Board should take no action to limit or revise the rebate amounts.

As we have previously noted, ARB estimates place the incremental cost of a BEV at \$13,000 to \$33,000 more per vehicle than their internal combustion counterpart. Balancing this reality with our shared goal of increasing the number of ZEVs and PHEVs on California roads has led auto manufacturers to price or create lease options for these vehicles so as to impact consumer choice, when taking into account the current level of available state and federal rebates. As a result, auto manufacturers are taking a loss on every ZEV and PHEV vehicle sold or leased in the state of California.

Any diminution of the current CVRP rebate amount could have dire market consequences as widespread consumer acceptance of these vehicles has not been reached. For example, during the life of the CVRP program, it has issued rebates for slightly more than 22,000 vehicles. The California Department of Motor Vehicle places the number of registered automobiles in

Alliance of Automobile Manufacturers

**BMW Group • Chrysler Group LLC • Ford Motor Company • General Motors Company • Jaguar Land Rover •
Mazda • Mercedes-Benz USA • Mitsubishi Motors • Porsche • Toyota • Volkswagen • Volvo**

1415 L Street, Suite 1190, Sacramento, CA 95814 • Phone 916.447.7315 • Fax 916.447.7349 •

www.autoalliance.org

California at over 22 million. We certainly have a long way to go and we resist any effort to reduce the rebate amount at any point in the near future.

We recognize that for the rebate amount to remain at its current levels, additional funding will be needed for the CVRP program. We note that the staff report states that anticipated funding need in FY 2013/14 could be between \$40 and \$60 million.

The Alliance has and will continue to do its part in advocating for increased CVRP funding by aggressively supporting bills like AB 8 (Perea) and SB 11 (Pavley) and administrative actions by the ARB and CEC to allocate additional AB 118 funds to this program. Additionally, we believe that future Cap and Trade revenues are both an appropriate and ample source of funding for this program and look forward to engaging in future administrative and legislative processes to allocate those funds.

In closing, we appreciate ARB's support and commitment to the CVRP program and look forward to working with you now and in the future to ensure its continued success.

Sincerely,



Steven Douglas
Senior Director of Environmental Affairs