



Ferrari of Beverly Hills



By Federal Express

January 23, 2012

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

**Re: Comment on the Initial Statement of Reasons for the Proposed ZEV
Amendments and the Initial Statement of Reasons for the Proposed "LEVIII"
Amendments**

Dear Ms. Nichols and Board Members,

Thank you for the opportunity to submit comments on the "Initial Statement of Reasons for the 2012 Proposed Amendments to the California Zero Emission Vehicle Program Regulations" (ZEV ISOR) and to the "Initial Statement of Reasons for the Proposed 'LEVIII' Amendments to the California Greenhouse Gas and Criteria Pollutant Exhaust and Evaporative Emission Standards and Test Procedures and to the On-Board Diagnostic System Requirements for Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles, and to the Evaporative Emission Requirements for Heavy-Duty Vehicles" (LEVIII ISOR).

I am the principal of Ferrari of Beverly Hills and also hold a 50 percent interest in Ferrari of Silicon Valley. Ferrari of Beverly Hills is an authorized Ferrari dealer located in Beverly Hills, California. Ferrari of Silicon Valley is an authorized Ferrari dealer located in Redwood City, California. Ferrari of Beverly Hills employs approximately 35 people and Ferrari of Silicon employs approximately 20 people, plus we contract 150 businesses for which we are an indispensable source of income. California is Ferrari's largest U.S. market, representing about 20-25% of total U.S. sales per year. Thus, maintaining the ability to sell vehicles in California is critical to Ferrari's presence in the United States vehicle market. Obviously, Ferrari's presence is also critical to our business.

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Under the existing California motor vehicle emission program, a small volume manufacturer (SVM) receives certain flexibility in compliance with applicable regulations. ARB has proposed that compliance with the LEV III requirements would be deferred for SVMs until the 2022 model year, during which time SVMs with nationwide sales of 4,500 vehicles or less per year may petition ARB for relaxed emission standards. The existing definition of SVM includes an aggregation requirement that could exclude some manufacturers with very low volumes of sales due to their ownership relations, including Ferrari. These manufacturers would thus be subject to the LEV III tailpipe and greenhouse gas (GHG) standards and the ZEV regulations to the same extent as larger manufacturers, despite their reduced resources and decreased impact to criteria and GHG emissions.

Therefore, although Ferrari of Beverly Hills and Ferrari of Silicon Valley support ARB's proposal to strengthen the existing programs and its approach to setting standards for SVMs, we urge ARB to issue a 15-day notice revising the definition of to include the operational independence criteria proposed by the Environmental Protection Agency (EPA) and National Highway Traffic Safety Administration (NHTSA) in the *2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards*, 76 Fed. Reg. 74,854 (Dec. 1, 2011). The federal language would allow a manufacturer to qualify as an SVM on the basis of its own sales if it can show that it is "operationally independent" from related manufacturers with which its sales would otherwise be aggregated. Specifically, a manufacturer with more than 10% ownership by another vehicle manufacturer would have to demonstrate that its research, design, production, manufacturing, marketing, and other functions are operationally independent from the vehicle manufacturer owner. It is important that ARB maintain the consistency and uniformity between the state and federal regulatory programs by including these criteria in its rulemaking.

Very small historically operationally-independent manufacturers like Ferrari produce a very low volume of vehicles – Ferrari has annual sales in California of approximately 400-500 vehicles. Given this very small number of sales when compared to total vehicle sales in California each year, Ferrari's contribution to GHG and other emissions is negligible.

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Without the operational independence criteria, Ferrari's sales and emissions would have to be aggregated with those of Fiat, which could result in limits being placed on the number of Ferraris that could be sold each year in order to ensure that the combined fleet complies with the LEVIII GHG and tailpipe emission standards. Thus, Ferrari of Beverly Hills (and Ferrari of Silicon Valley) recommends that ARB adopt the operational independence criteria as contained in the federal proposed rule. This option should be made available to manufacturers with sales of less than 4,500 vehicles per year, based on the average number of vehicles sold for three previous, consecutive model years that can demonstrate operational independence from another vehicle manufacturer owner.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Mattioli".

Giacomo Mattioli
Principal, Ferrari of Beverly Hills
(310) 275-4450