



Motorcycle Industry Council, Inc.

Testimony of the Motorcycle Industry Council Regarding
Public Hearing to Consider the Adoption of the Regulatory Proposal
to Determine and Control Evaporative Emissions
from Off-Highway Recreational Vehicles

July 25, 2013

As summarized in the Initial Statement of Reasons regarding this agenda item, the proposed regulations and test procedures are the result of a multi-year, cooperative effort between the ARB staff the Motorcycle Industry Council (MIC) and its member companies. At the beginning of the process, MIC had major concerns with ARB staff estimates of the extent to which emissions from off-highway recreational vehicles (OHRVs) were contributing to air pollution in California and what steps were appropriate for reducing emissions from these vehicles. Based on additional survey research done in recent years by California State University, Sacramento, the current inventory estimate is much more realistic and there is now a consensus that evaporative emissions associated with the storage of OHRVs are the principal concern. Emissions during operation and refueling are now understood to be less of a concern because of the low annual average travel by these vehicles and the fact that their operation is primarily downwind of urban areas where hydrocarbon emissions are of less concern.

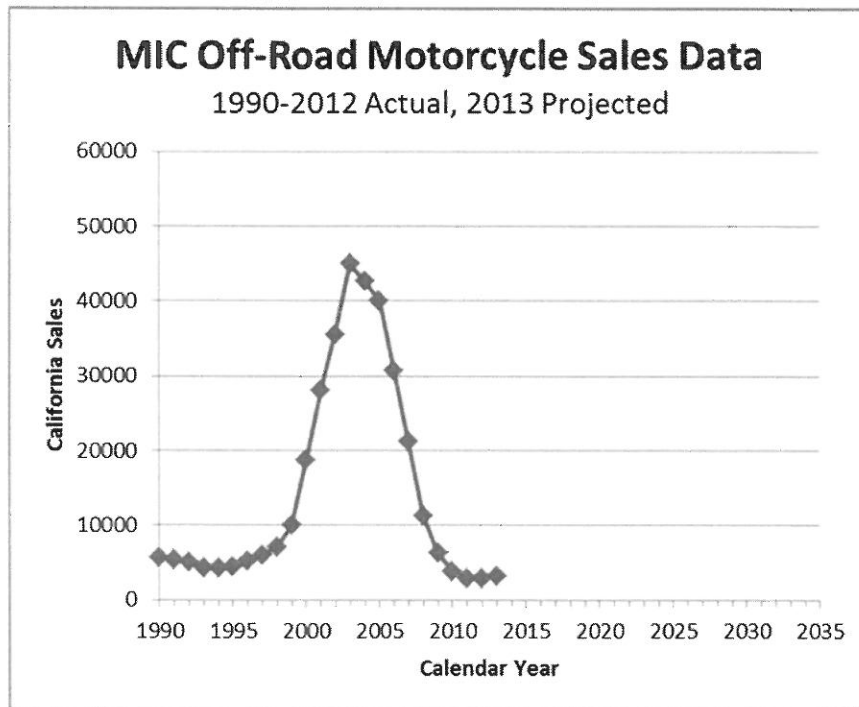
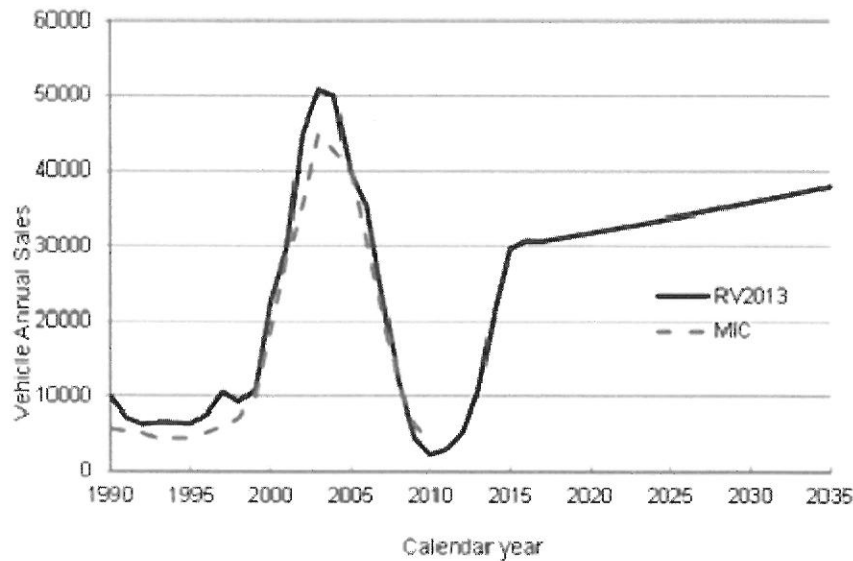
Based on this understanding of how OHRVs contribute to air pollution, regulations and test procedures have been developed that focus on emissions during long term storage. The ARB staff has done an excellent job of coming up with a set of regulations and test procedures that will provide effective emission control without the extraordinary cost associated with the test facilities required for passenger cars and light-duty trucks.

There are just two issues that have arisen at the end of this long process which we think need to be addressed. One issue was the staff proposal to require compliance on "Red Sticker" vehicles. Since most Red Sticker vehicles are used in competition, access to public riding areas allows riders to practice for competition events. Denying Red Stickers to competition vehicles would create a major disruption. MIC obviously supports of the staff proposal to defer this issue.

The other issue is illustrated by the two figures shown at the top of page 2 of my testimony. The solid line in the top figure shows the staff's projection for off-road motorcycle sales using a model that correlates motorcycle sales with nationwide housing starts. The dashed line shows actual sales reported by MIC. It looks like the last year of MIC data used is 2010. The ISOR makes the point that there is a good correlation between the economic model and actual sales. What I would like to draw your attention to is the projected sales for 2012 and 2013; the model projects 2012 sales exceeding 6,000 units and 2013 sales exceeding 10,000 units.

Please compare this sales projection with the updated MIC data shown in the second figure on the page. Actual 2012 sales were only 2,981 units, less than half the projection. Based on year-to-date, MIC is projecting that 2013 sales will be 3,279 units compared to the staff's projection of over 10,000 sales.

Figure III-4. Comparison of OMC Annual Sales between RV2013 and MIC



We see the same continuation of depressed sales for ATVs. Sales are not yet recovering. Unless there is a dramatic change in the next few years, sales at the beginning of the phase-in period for the evaporative emissions regulation will not be sufficient to justify the cost of designing, developing, and certifying new control systems for many models. To avoid losing more California dealers, we are suggesting that the regulation be amended to allow for up to two years additional lead time unless sales recover to at least

20% of 2005 levels by 2014. Such an amendment would have virtually no effect on the staff's emissions projections because the current inventory forecast is based on the assumption that sales are rapidly increasing at the present time. One of our member companies, for example, has estimated that they will probably drop at least 75% of their models from the California market unless a 2-year delay is provided.

The suggested amendment would not only be in the interest of California dealers, it would also reduce the potential for Californians to seek vehicles originally sold in the other 49-states when certain models are no longer available for sale in California. The long term effectiveness of the program could even be improved if the loss of California dealers can be minimized during this period of depressed sales.

Thank you for your consideration of our comments. I would be pleased to answer any questions.