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April 19, 2021

Richard Corey
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed Mobile Source Certification and Compliance Fees

Dear Mr. Corey:

The Specialty Equipment Market Association (SEMA) is a trade association representing the \$46 billion specialty automotive industry, made up of approximately 7,500 mostly small businesses nationwide, including over 1,400 in California, that manufacture, market and sell specialty automotive aftermarket products for motor vehicles. SEMA is based in Diamond Bar, California. Additionally, SEMA owns and operates a state-of-the-art, California Air Resources Board-recognized laboratory, the SEMA Emissions Compliance Center, which works with our member companies to test products for emissions impacts and prepare applications for Executive Orders. SEMA submits over 200 aftermarket product applications annually to the California Air Resources Board's (Board) Aftermarket Parts Division for approval, representing approximately 50 percent of the volume received. SEMA appreciates our collaborative relationship with the Board.

On April 22, the Board will consider adopting a series of fees on the manufacturers of certain products sold in California. Included in the proposed regulatory package is an application fee on manufacturers of aftermarket and performance automotive parts. For several years, SEMA has been working with the Board to improve the process for approving Executive Orders at the Board for the benefit of both Board staff and our industry. **Our mission has been two-fold: expedite the approval of Executive Orders and add clarity & certainty to the application process.**

In 2017, SEMA sponsored SB 660 (Newman), which would have enabled industry to fund additional staff at the Board to improve Executive Order throughput. However, this legislation was scuttled in favor of a more traditional approach. In early 2018, we worked with the Board, the Administration, and the Legislature to secure additional staff through the state budget process for the Board's compliance work, specifically for processing the Executive Orders necessary to sell aftermarket parts in California. Subsequently, in

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recognition of the resources needed to support these new staff positions, we negotiated with Board staff a mechanism for offsetting a portion of the cost of these new positions. This resulted in SEMA and the Board agreeing to budget trailer bill language [SB 854, Committee on Budget and Fiscal Review, Chapter 51] authorizing the Board to impose a nominal fee on Executive Order applications and as a result, application processing times would improve. **Paramount to the approval of the fee authorization for Executive Order applications for aftermarket and performance parts was the understanding that the fee be of a reasonable amount and not deter compliance.**

In reviewing the fee proposal in the Board's April 22 agenda packet, SEMA is generally supportive of the proposed fee of \$500 to \$1,000 on each Executive Order application. However, because the newly adopted procedures for the application process will compel applicants to submit multiple applications, and the improvements in application processing times are largely reliant on the new procedures (which have not been finalized and implemented), a great deal of uncertainty exists for our members. **As such, we request that the Board commit to re-evaluating the fee structure and the application process 18 months after the first fees are charged to ensure the fees paid by applicants on an annual basis are practical, maintain compliance, and that payors are benefitting from improved processing times and are not being overly burdened financially. Additionally, we ask the Board direct staff to publish and adhere to specific application process timelines to make certain applicants clearly understand the timelines expected of both Board staff & applicants when an application is in process.**

As SEMA has maintained during this entire process, an expensive, unpredictable, and lengthy application process will deter compliance for manufacturers selling parts in California while creating a costly enforcement burden for the Board and hurting California's air quality. SEMA very much appreciates your consideration and the work the Board does. The proposed fee package is the culmination of years of effort by SEMA and Board staff and exemplifies the collaborative nature of our relationship. If you have any questions, please contact Peter Treydte, Director of Emissions Compliance (909-978-6673) or David Goch, General Counsel (301-257-4297).

Sincerely,

David Goch
General Counsel, Specialty Equipment Market Association (SEMA)