



April 19, 2021

California Air Resources Board
Attn: Kathleen Mead, Lead
1001 I Street
Sacramento, CA 95814

Re: Comments of KTM North America, Inc. to CARB's Proposed Mobile Source Certification and Compliance Fees

Dear Ms. Mead:

In support of MIC's comments to the subject matter, and in consideration of the extremely severe impact on our industry, KTM North America, Inc. respectfully submits these comments regarding CARB's proposed mobile source certification and compliance fees for on-highway motorcycles (HMC) and off-highway recreational vehicles (OHRV).

Executive Summary

KTM North America, Inc. has raised concerns through MIC and during an individual meeting about CARB's proposed certification and compliance fees. While we appreciate the reduction in proposed fees for carry-over, partial carry-over, and low-volume engine families, these measures do not go far enough to alleviate the damaging and considerably high per-vehicle costs the proposed fees will create for our situation.

CARB Should Extend Cost Reduction Measures

Measures to reduce cost, such as the proposed low volume engine family fee for HMC certification, are helpful however, this rate must be extended to more than just three engine families per model year to significantly reduce the impact of the much higher proposed certification fees for new, carry-over, and partial carry-over engine families that do not qualify for the rate. Additionally, similarly discounted rates must be made available for small-volume engine families that exceed sales of 100 units per model year. For example, HMC engine families having CA sales of 101 – 150 units could be assessed a \$1308 certification fee and engine families having CA sales of 151 – 200 units could be assessed a \$1744 certification fee. Tiered low-volume engine family rates must also be available for OHRV certification. Extending measures such as these will go a long way in supporting continued product availability in California.



CARB Should Reduce High Per-Vehicle Cost

US EPA recently announced a 3.6 percent reduction in calendar year 2022 certification fees for HMC. While the reduction is small, it magnifies the considerably high fees that CARB is proposing to assess for certification of the same engine families. This magnification is increased when comparing the per-vehicle impact of CARB's proposed fees, which can exceed \$100, associated with a California market that is significantly smaller than that of the entire US. High per-vehicle costs work against product viability and force us to reconsider product offerings for California dealers and consumers. High per-vehicle costs and reduced product offerings serve to damage and not support California business.

Conclusion

In conclusion, KTM North America, Inc. is not opposed to paying reasonable certification fees which support maintenance of broad product offerings and continuation of California businesses. CARB's proposed certification fees will result in high per-unit costs which KTM North America, Inc. plans to pass on to the dealers and consumers in the California market. This will inevitably cause harm to HMC and OHRV product availability and continued business activity. CARB's proposal for low-volume HMC engine families is one way to reduce the number of engine families subject to high per-vehicle certification fees, therefore options such as this must be expanded.

Sincerely,

Viola Mader

Viola Mader

Director of Homologation and Compliance, KTM North America, Inc.

Cc: Jackie Lourenco, Branch Chief