



California New Car Dealers Association

June 20, 2016

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

RE: PROPOSED FISCAL YEAR 2016-17 FUNDING PLAN FOR LOW CARBON TRANSPORTATION AND FUELS INVESTMENTS AND THE AIR QUALITY IMPROVEMENT PROGRAM

Dear Mr. Corey,

The California New Car Dealers Association (CNCDA) is a statewide trade association that represents the interests of over 1,100 franchised new car and truck dealer members. CNCDA members are primarily engaged in the retail sale and lease of new and used motor vehicles, but also engage in automotive service, repair and part sales. Thank you for the opportunity to provide written comments on the California Air Resources Board (ARB) proposed fiscal year 2016-17 funding plan for low carbon transportation and fuels investments and AQIP.

California's new car dealers are on the front lines of our state's commitment to invest in zero emission vehicles, and are committed to growing these sales numbers year over year to support the state's goals. Dealers appreciate that the Clean Vehicle Rebate Project (CVRP) and the Enhanced Fleet Modernization Program (EFMP) are absolutely essential to reaching the Charge Ahead California campaign's goal to place 1 million light, medium and heavy-duty electric vehicles on California's roads by 2023.

Consumer utilization of CVRP has been steadily increasing since its inception, and it is clear from Center for Sustainable Energy (CSE) data that Californians' interest in and knowledge of the program is rising every year. As of June 20, 2016, more than 151,000 rebates have been issued for drivers of eligible battery electric, plug-in hybrid electric and fuel cell electric vehicles. For every new zero-emission vehicle purchased by a consumer to replace their older gasoline-powered car, the air gets cleaner and the state gets a little bit closer to meeting its ambitious ZEV goals. Accordingly, it is in the best interests of both new car dealers and the public at large for CVRP and other clean vehicle incentives to be continued and funding to be ramped up.

Dealers know that ARB is wholeheartedly committed to investing in CVRP and EFMP, and our members support ARB's proposed funding plan which includes \$230 million for CVRP and \$30 million for EFMP. The Union of Concerned Scientists and the Consumers Union recently released a study showing that over 50% of California drivers are likely to consider an electric vehicle for their

next vehicle purchase or lease, and more than 65% possess a general interest in electric vehicles. Financial incentive programs have undoubtedly served to increase the level of consumer interest in upgrading to a clean car. ARB, CSE and California new car dealers have been working hard to spread the word to consumers about the ZEV incentives that are available, and we hope to be able to continue those efforts.

The ZEV market is still in its infancy, and ramping up incentive programs is important to keep the positive trajectory the market has seen. Since PEV sales in California represent only 3% of the new vehicle market, any changes to existing incentives could have a highly negative impact on ZEV adoption rates. More than 40% of new ZEV sales are in California, and we want to see California continue leading the nation in ZEV sales numbers – a goal we know ARB shares.

In summary, CNCDA supports ARB's proposed ramp up of CVRP funding from 2015-16 levels, and we thank you for your continued leadership regarding the state's crucial ZEV incentive programs. Please contact CNCDA's Staff Counsel, Alisa Reinhardt, at (916) 441-2599 or areinhardt@cncda.org if you have any questions or would like to discuss these comments further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alisa', followed by a long horizontal flourish.

Alisa Reinhardt
CNCDA Staff Counsel