



California Motorcycle Dealers Association

P.O. Box 399, Lake Elsinore, CA 92531
☎ (951) 471-1500 www.camda.net Fax (951) 471-1577

Since 1971 – Forty-Eight Years of Service to California's Motorcycle & Motorsports Dealers

April 22, 2019

The CMDA's Response and Comments to the Proposed CARB Staff Amendments to Eliminate Red Sticker 2-Stroke Off-Highway Motorcycle Sales and End the Red Sticker Program

OHRV Regulatory History

In 1994, CARB passed a new 1.2 g/km HC (+15 g/km CO) off-road motorcycle (OHM) engine emission standard that would be effective on January 1, 1997. During the promulgation process, OHM OEMs agreed that they could produce complying models for those mainly 2-stroke units that would not be able to comply.

By early 1997, the OEMs stopped shipping non-complying units to California dealers. Dealers used up their existing inventory, and no new ones arrived to replace them, except 9 complying models out of 32 that were not complying.

CARB discovered, through the efforts of the CMDA, that the OEMs had no intentions to either design cleaner 2-stroke models, or make the existing 4-stroke models perform at the levels of the non-complying 2-strokes.

The Red Sticker Compromise was passed in 1998, mainly due to the efforts of the CMDA, that allowed non-complying OHMs to be used on public land areas of the state where, and at times when, exceedances of the state ozone standard will not occur, i.e. *attainment areas*.

In 2003, the riding season restriction started to be enforced, and in 2006 and 2010 evaporative requirements were added to the OHV regulations to bring them into compliance with federal EPA regulations.

In 2007, after a staff evaluation of the state riding areas, CARB approved expanding the riding times, seasons and areas 38% because they determined that the ambient emissions were much less than estimated when the original riding season times and dates were determined. Additionally, in 2007, off-highway vehicle sales were 125,606, just before the recession began. So, CARB approved expanding the OHV riding areas, in spite of growing OHV sales and before the drastic decline in OHV sales that started in 2008. Compare that to OHV new units sales of 2018 of 47,374, demonstrating a meager 38% recovery of OHV sales since the recession. ***Why, in 2007, with so many more uncontrolled off-road motorcycles being sold, did CARB expand their use times and areas by 38%***, but now is mandating their extinction when clearly 62% fewer new units are being sold?

As recently as March 1, 2013, CARB's Deputy Executive Officer Alberto Ayala sent a letter to the U.S. EPA (*attached*) stating: "... the evidence remains strong that as a whole, California's OHRV program remains as protective in the aggregate as the federal program, even after full phase-in."

In July, 2013, CARB passed much more stringent evaporative emission control requirements for off-road vehicles that included off-road motorcycles, but excluded Red Sticker (non-complying) models because they had no engine emission requirements, at all. That triggered a directive from the CARB Board, when it discovered that Red Sticker OHMs were the only category of mobile source emissions that they overlooked controlling.

In the beginning of 2018, the motorcycle OEMs began Red Sticker certifying even their previously Green Sticker certifiable models so that they did not have to comply with the evaporative emission control requirements that went into effect January 1, 2018, further confusing an already confused compliance program.

The CMDA is concerned that the OEMs will duplicate the supply patterns of 1997 and no

longer send non-complying models to their California dealers, once again. Instead of telling CARB that they simply can't comply with emission regulations that cost too much for them to implement and are not consistent with marketplace realities, i.e., they don't sell enough units, just in California, to justify the investment to comply, they simply may choose to abandon the California marketplace with those models, leaving dealers holding the bag.

The CMDA is concerned that, for a few tons of ROG (5 to 6 tons is the CARB estimate, now even reduced to 3 tons per day, by 2031, in the Staff's *ISR*), California motorcycle dealers that sell OHMs will be financially impacted with no feasible alternative to replace the prohibited 2-stroke models after 2021. The OEMs will simply sell their unregulated evaporative emissions OHMs in the other 49 states.

Jeopardizing the income stream livelihood for California's OHV dealers because of Staff's claims that 3 to 6 tons of ROG per day are attributable to all OHV emissions when compared to all state-wide mobile source emissions of 749 tons with another 939 tons from stationary sources for a grand total of 1,688 tons of ROG per day!

The OEMs have nothing to lose, being able to sell these previously available units in California; none of them manufacture anything, here.

The big losers will be the state's motorcycle dealers, small businesses that are the backbone of this state's economy, not out-of-state, out-of-country, commodity manufacturers and suppliers!

Almost All Red Stickers Are OHMs

Prior to this year's unprecedented actions by the major off-highway motorcycle manufacturers to take most, if not all, of their previously Green Sticker (emissions complying) OHMs and certifying them for the 2018 model year as Red Sticker (non-complying) models, Red Sticker models have historically outsold Green Sticker OHMs by from, at least, 2 to 5 percent.

Why is that, since Red Sticker models have seasonal and area restrictions that Green Sticker ones do not? It's because of the performance advantage that Red Sticker models intrinsically have. The large majority of Red Sticker models sold are powered by two-stroke engines. The inherent performance, weight and handling advantages make Red Sticker models more desirable despite any negative use and operating characteristics they may have.

Red Sticker models, arguably, cost less and for the smaller displacements, are more suitable for youngsters to start out learning to ride.

Intent of the Red Sticker Program

<i>Original Purpose of Program</i>	<i>Assessment Findings</i>	<i>CMDA Response</i>
Delay 1998 exhaust standards to ensure OHRV availability	Over 3 times as many Green Sticker models available than in 1998	That means that there are only 21 Green Sticker models available today, because there were only 7 offered in 1997
Easy transition to cleaner technology	Technology has developed, but transition to Green Sticker has not occurred as anticipated	The technology has not grown enough for the majority of Green Sticker OHMs to equal the performance of Red Sticker OHMs
Limit summertime exhaust emissions from OHVs in ozone non-attainment areas	Red Sticker OHVs are operated in ozone non-attainment areas during the summer	This is based on the CARB rider survey responses, which are misleading. There was no attempt to differentiate summertime use at private race tracks; the usage was not widespread over large,

open areas of private land. This is a fatal flaw in the methodology of estimating usage in non-sanctioned areas, and ultimately overstating the emission contribution from Red Sticker OHMs

Allow riders to practice for competitive events on public land

Red Sticker OHMs are predominately competition vehicles used for recreation

Not accurate. According to the CARB language in the 1998 U.S. EPA Waiver, Red Sticker OHVs were legally allowed to operate recreationally, with no expectation or requirement that they be used for sanctioned events.

Status of CARB Red Sticker Program

Program was originally developed to be a temporary solution for manufacturers

CMDA Response: It exists more than 21 years later because it provides what enthusiasts demand as part of a large state-wide motorized recreational program, which 2 years ago, by the signature of the Governor on a bill reformed it and made it permanent.

Does not provide expected emissions benefits

CMDA Response: In 1997, the CARB staff estimated the emission contribution of 2-stroke OHVs (Red Sticker equivalency) to be 81 tons/day of what is now called ROG. The CMDA's disagreed with the methodology, at the time, and estimated the 2-stroke contribution to be 9.2 tons/day. Take either estimate and compare it to the CARB staff's estimation of the Red Sticker OHM contribution of between 3 to 6 tons per day, which the CMDA feels is still overstated because of the flawed rider survey interpretation, and the fact that the CARB staff appears to include the Red Sticker OHM ROG contribution from OHV use areas in areas of the state where there is no measurable contribution because there is no inversion layer to trap ROG, so the estimated OHM emissions should not be counted in these attainment areas, because there is no accumulation of ROG to measure.

Problematic for state agencies

CMDA Response: State officials and staff are paid the big bucks to perform whatever duties they signed up for. The Red Sticker Program is accepted by more riders who buy more Red Sticker models than Green Sticker units, even with the area and seasonal restrictions. If a few, out-of-state visitors to SVRAs and California OHV public lands aren't smart enough to research in which areas they intend to recreate, and are turned away when they arrive with a Red Sticker vehicle at the wrong time of the year, so be it. The DMV has few problems in assigning the correct Green or Red Sticker identification (OHV registration) by this time, since the registration issue was resolved back in 2003.

Allows for OEMs to avoid complying with MY2018 evaporative standards

CMDA Response: This is an unfortunate, unforeseen, event that complicates a Red Sticker Program solution that all stakeholders might be able to live with. The CMDA was going to recommend, in exchange for the Program continuing in some fashion, that the 2013 evaporative standards be applied to Red Sticker OHMs. The existence of the Red Sticker Program was spawned by off-road OEMs collaborating in the 1994 CARB OHV rule making process, and in 1997 not having the product to deliver to California dealers and riders that they represented would be available.

It appears the same thing has happened, again. Manufacturers were given 5 years to develop, test, manufacture parts, install them on 2018 Green Sticker OHMs and that seems not to have

happened. It seems that there is less than a candid, collaborative process between CARB and those they choose to regulate. If the motorcycle OEMs cannot practically, or financially, comply with a future regulation, they should forcefully state that position. Likewise, CARB should take into consideration the small size and weakness of this niche market, compared to the small emission contribution, relatively speaking that it represents. The CMDA is never invited to participate in the deliberations between the manufacturers and CARB, for various historical and confidentiality reasons, but the CMDA stands ready to assist whenever all parties feel it comfortable and appropriate.

Drop in Green Sticker Certifications for MY 2018

CMDA Response: *See above response.*

Evaporative Emissions Comparison

If the motorcycle OEMs are not prepared to comply with the existing evaporative emissions regulation for Green Sticker motorcycles, probably a CMDA recommendation to require Red Sticker OHMs to adopt the evaporative emissions regulation is pointless.

Exhaust Emissions Comparison

There is no question that emissions from uncontrolled Red Sticker OHMs is significantly higher than from Green Sticker models. The CMDA, however, questions the estimated amount based on the interrupted and limited testing of a few 2-stroke operating models in El Monte. More, serious testing should be done to more accurately estimate the 2-stroke engine emissions contribution.

The CMDA is on record, and continues to be so questioning the CARB estimate of 5 to 6 tons of ROG per day that Red Sticker OHMs emit. This is based on a CARB OHM owner survey of an estimated 3,000 respondents, of which about 1,000 were owners of Red Sticker OHMs. Reportedly, 75% of the Red Sticker owners that responded to the survey reported that they ride in the summer in non-attainment areas and 54% operate on private land during the summer, 45% travel further to ride, and 25% operate on unenforced public land.

The CMDA feels that a response rate of 1,000 owners is not statistically relevant, when CARB's estimate of current Red Sticker registrations is 190,000 OHVs. At the May 16, 2018 workshop in El Monte, a long-time CMDA member remarked, "Am I going to go out of business because of the interpretation of a 1,000 response survey?" At the very least, if this survey is the main justification for eliminating Red Sticker OHM sales, it must be redone to solicit more results from the affected population.

For example, it was noted that the 54% that operate on private land during the summer do not differentiate between the limited hourly use on private race tracks, assuming that the usage was higher on large tracts of land that is not reasonable in Southern California, when elevated temperatures in the summer months, preclude the amount and frequency of use of all OHMs.

Statewide Summer ROG Emissions

The CMDA questions if the Summer ROG emission totals include the estimations for OHV areas located in attainment areas? If so, that total should be eliminated, because there is no ROG to measure, because it is not trapped under the up-to-3,000 feet high inversion layer that exists in non-attainment areas.

CARB Priorities for a Regulatory Proposal

1. Reduce emissions

CMDA Response: ***Eliminating future sales of uncontrolled vehicles must be balanced with the significant loss of income stream to California motorcycle dealers.*** The CMDA maintains, that with a more accurate estimation of the Red Sticker OHM emissions contribution, it would not justify the financial dislocation of dealers that have disproportionately high Red Sticker OHM sales depending to a great extent on Red Sticker OHM sales.

2. Eliminate inconsistency with federal rules

CMDA Response: There is no inconsistency with federal rules; as long as EPA waivers keep being granted to the separate set of rules that California motor vehicles seem to enjoy, there exists no inconsistency. A careful reading of the multiple waivers already granted for the Red Sticker Program, over 20 years, there is no mention that the U.S. EPA finds any inconsistency.

3. Reduce enforcement burden of existing Red Sticker Program

CMDA Response: Local Agency enforcement officers should not look to CARB to change the rules for them to make it “easier” to perform their duties. Since Red Sticker OHMs were designated for recreational use in the Red Sticker Program, they should be treated the same, as all other vehicle categories when it comes to tampering and the purchase, installation and use of non-certified parts, by CARB enforcement personnel.

4. Minimizing impact to vehicle availability

The CMDA has done a survey, over nine months, of the financial impact to California motorcycle dealers, both CMDA members and non-members. The survey result is attached to this report. It received 20 responses back from approximately 216 non-Harley-Davidson dealers, whose product lines would include off-highway motorcycles. The average percentage of Red Sticker sales to these dealers is 37%, and this is the amount that they would have to find some other product line, or existing product line to replace the lost income stream if Red Sticker OHM sales were eliminated.

The average annual income loss if the program is eliminated is \$977,000. No other product line representing that amount of income is currently available. The CMDA opposes the elimination of new 2-stroke OHM sales, but if mandated, it respectfully asks for an additional two years for its elimination to model year 2024 to allow for some more time for affected dealers to find another product line to replace the eliminated 2-stroke OHM sales.

5. Accelerate development and adoption of zero emissions OHRV

The CMDA recognizes the laudable goal of CARB to promote the development and acceptance of vehicles that leave no carbon footprint and that are zero-emission. However, to use the heavy hand of excessive regulation to force consumers’ personal preference in motor vehicle choice is unfortunate. In the case of OHMs, there are currently few models, if any, to even choose from. Only prototypes exist, so to encourage acceptance of a product line not even in existence, as an alternative to Red Sticker OHMs is not acceptable.

Further, even though the current state administration, recent legislatures and agencies, like CARB, have introduced laws and regulations to almost force the acceptance of electric vehicles, let’s look at the numbers for highway electric vehicles: There were 30,722,113 auto and light trucks registered in California in 2017. Of that total, despite over 20 years of subsidies, tax credits, and promotion by California’s state, and the federal, governments only 337,482 ZEVs are currently registered in California. It is not reasonable to predicate zero-emission OHMs as a Red Sticker OHM replacement, judging by the sales numbers for auto ZEVs.

Key Elements of Regulatory Amendments

Sunset Red Sticker Program

The CMDA continues to insist that the small emissions reduction attributable to the elimination of new Red Sticker OHM sales is not justified because of the loss of income stream to California OHM dealers.

If Red Sticker OHM sales are to be eliminated, the absolute minimum that should be done to allow dealers to find other OHV product lines to expand or new ones to develop is that the elimination date should be extended two years from MY 2022 to 2024. This gives the retail industry 5 years to prepare itself for the loss of Red Sticker sales.

CARB routinely grants the motorcycle industry (and other vehicle) industries a five-year timetable between a regulation passage and its implementation date — the current OHM evaporative emissions regulation was passed in 2013 and went into effect in 2018. That regulation only mandated the development, testing and manufacturing of parts and systems to existing product lines, ***not the wholesale elimination of an entire product line.***

The CMDA supports the proposed establishment of a second (Category) 2.0 HC+NO_x g/km OHM engine emission standard that will bring most, if not all, of the 4-stroke Red Sticker OHMs that are slightly above the existing 1.2 g/km HC standard. The CMDA has been advocating for this change for many years.

Lifting Red Sticker Riding Restrictions

The CMDA does not oppose lifting the riding restrictions in 2025, as outlined in the proposed Amendments.

What About Competition OHMs?

This is a thorny issue for which CARB does not seem to provide a satisfactory answer, as part of the regulation recommendations. Without the ability to practice on new, state-of-the-art competition vehicles, serious credentialed riders will be forced to practice with lesser performing models that will leave them at a disadvantage against other riders. The limited practice time that will be offered at public OHV areas will not be enough time for professional racers to transition from lesser performing practice OHMs to race-only competition vehicles. A compromise needs to be structured among CARB, professional racers and the sanctioning bodies for legal practice times and venues.

Emissions Reductions Are Significant

The CMDA continues to contend that the emission totals for Red Sticker OHMs are exaggerated, so the emission savings will be less than estimated. Further, most of the other industries used as examples are much larger and more easily able to absorb the loss of sales, or the cost of regulation, than the OHM industry can. The entire OHV retail business has only recovered 38% since pre-recession sales in 2007, and can't remain viable if too many more challenges like the elimination of Red Sticker OHM sales take place.

Industry-Wide: Model Availability Will Not Be Significantly Impacted

Even if the CMDA accepts the 2,152 unit reduction that CARB estimates the Red Sticker units will be eliminated, there is an additional income stream that also will be eliminated — parts, accessories, service, financial services, registration and other support services from which dealers derive income. According to the dealer survey that the CMDA conducted that lost ancillary income is conservatively estimated to be, at least, \$265,000 annually.

Additional Proposed Regulatory Changes

The CMDA supports the exemption of 90 cc motorcycles and below from the 1 g/day evaporative standards. It fears, however, that not many Category 2 OHMs will be sold because either the supply of, or demand for, ZEVOHMs will not be there.

Evaluation Of Cost Effectiveness

CARB's evaluation of cost effectiveness does not take into consideration the loss of income stream to affected California OHM dealers. The CMDA has participated in twelve CARB Public Outreach Events since December 12, 2013, and has additionally met with staff at least three times to plead the dealers' case for, at least, more time to develop additional product lines to make up for the lost income stream due to the elimination of most two-stroke OHM sales.

At each workshop or public outreach event, the CMDA forcefully requested that a genuine

economic impact report would be included in the final *ISR*, to demonstrate that the major financially affected stakeholder in this process will be California motorcycle dealers who rely on OHM sales.

Instead, only the usual boilerplate response has been included ...”there will only be an indirect impact on California small businesses that sell and service OHRVs,” (*Notice of Public Hearing*, page 7) and” ...some dealers may be impacted by having less models to sell.” (*ISR*, page 70).

These passing references to the financial impact to dealers’ income stream has been give short shrift, especially since, at the request of CARB Staff, the CMDA took an extraordinary effort to survey CMDA dealers (*discussed previously*) to determine how much of their business would be negatively affected by the discontinuation of 2-stroke OHM sales, . I was later told, after I delivered the results to Staff, that the CMDA provided the only impact analysis that they received on future dealer income stream financial impact.

Yet, there was only scant reference to dealers, the direct impact on their businesses, despite assurances by Staff that more than a casual reference would be included in the final Amendments support documents. This is a fatal flaw in the process and may create challenges to its validity in the future.

Evaluate Further Emission Reductions

Further emission reduction regulations will be an overkill for an industry still struggling with recovering from a recession from which most other viable business/industries already have recovered.

The CMDA’s Conclusions and Summary:

1. The CMDA does not support the elimination of Red Sticker 2-stroke OHM sales because the financial impact to California OHM dealers is not justified by the estimated emission savings, which needs to be further more objectively examined and quantified.

2. If Red Sticker OHM sales are eliminated, the CMDA respectfully requests that it begin in the 2024 model year so as to give affected dealers enough time to develop new product lines, or to expand existing ones to offset the loss of Red Sticker OHM sales. This is an important consideration because the CMDA is unaware of any other California industry’s product line decades-long sales being *prohibited* by the passing of an emission regulation. Many businesses were negatively financially impacted, but none were eliminated.

3. The CMDA supports the establishment of a new 2.0 g/km HC + NOx OHM engine emission standard to allow most of, if not all, 4-stroke (and possibly very clean 2-stroke) OHMs to be Green Sticker certified.

4. The CMDA does not oppose lifting the riding restrictions in 2025, as outlined in the proposed Amendments.

For Questions & Comments, please contact:
John Paliwoda, Executive Director of the
California Motorcycle Dealers Association
P.O. Box 399,
Lake Elsinore, CA 92531
(951) 471-1500
info@camda.net

Attachments

Red Sticker Program Letter from CARB to U.S. EPA Deputy Administrator Bob Perciasepe, dated March 1, 2013

CMDA 2017-2018 Off-Highway Motorcycle Sales Survey for Red Sticker Financial Impact Evaluation Summary



Air Resources Board



Matthew Rodriguez
*Secretary for
Environmental Protection*

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Edmund G. Brown Jr.
Governor

March 1, 2013

Deputy Administrator Bob Perciasepe
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

RE: California State Nonroad Engine Pollution Control Standards; Off-Highway Recreational Vehicles and Engines; Request for Authorization; Opportunity for Public Hearing and Comment, 78 Federal Register 724 (January 4, 2013); Docket ID No. EPA-HQ-OAR-2012-0742

Dear Acting Administrator Perciasepe:

I am writing to provide further information regarding your evaluation of California's protectiveness determination, under Clean Air Act Section 209(e), related to 2008 and later model year off-highway recreational vehicles (OHRVs) certified for sale in California versus those certified for sale federally. This letter supplements our prior submittals now contained in the subject Docket.

California has set stringent hydrocarbon exhaust emissions limits for off-highway motorcycles and all-terrain vehicles (ATVs) that are much lower than federal emissions limits. ARB set a hydrocarbon certification standard at 1.2 g/bhp-hr that was adopted in 1994 and implemented in 1997, while the federal government adopted a hydrocarbon and NOx certification standard at 2.0 g/bhp-hr in 2002, to be fully effective in the 2007 model year. The California standard is focused solely on hydrocarbons because these are the predominant emissions from OHRV exhaust; we believe our standard is more stringent than the federal standard because it provides a lower effective hydrocarbon emissions limit.

As CARB stated previously (November 19, 2004 letter to Michael Leavitt), EPA acknowledged its rule governing OHRVs would exempt 29% of the market that are competition vehicles (67 FR at 68265). We stated that this percentage could increase as manufacturers and users avail themselves of the opportunity to claim more of their

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

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vehicles are being used solely for competition. In addition, while federal standards do not limit the use of two-stroke vehicles, ARB standards do.

Two-stroke off-highway motorcycles and ATVs generally are not compliant with California numerical emissions standards, but are allowed to be sold in California to ensure competition vehicles would be available in the marketplace. These vehicles are subject to usage restrictions and cannot be operated in ozone non-attainment areas in California during the summer. This usage restriction is part of vehicle registration programs in California.

The usage restriction for two-stroke vehicles in California provides important emissions benefits. The usage restrictions have provided a foundational and powerful disincentive to purchasing high emission two-stroke vehicles for operation in California. As a result, engine manufacturers have offered few two-stroke models for sale in California, and those sold in California are not to be used in the summer in non-attainment areas. To illustrate, in 2002, before the usage restrictions went into effect, roughly 30% of all off-highway motorcycles and ATVs sold in California were high emission two-stroke vehicles. By implementing usage restrictions, in 2012 less than five percent of these vehicles were high emission two-stroke vehicles. This change in sales patterns results in a reduction of four to seven tons per day of Reactive Organic Gas (ROG) emissions statewide in California in the summer, as shown in Appendix A to this letter.


One potential issue raised in the subject Notice is whether California's continued allowance for non-emission compliant motorcycles carrying red-stickers to ride during non-peak ozone seasons raises a protectiveness concern regarding 2008 and later model year OHRVs. We do not believe this is a concern because less than 1% of off-highway motorcycle and ATV activity was driven by these non-compliant vehicles, and our regulations prohibit this activity in non-attainment areas in the ozone season.

In summary, the evidence remains strong that as a whole, California's OHRV program remains as protective in the aggregate as the federal program, even after full phase-in. This determination clearly meets the arbitrary and capricious test that U.S. EPA must apply to ARB's determination.

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If you need additional technical information on this item, please contact Michael Carter, Chief of the Emission Research and Regulatory Development Branch of the Mobile Source Control Division, at (626) 575-6632. You may address legal questions to David Aron Livingston, Assistant Chief Staff Counsel, at (916) 327-8406.

Sincerely,



Alberto Ayala, Ph.D., M.S.E.
Deputy Executive Officer

cc: (via electronic mail, w/attch)

Ms. Suzanne Bessette
United States Environmental Protection Agency

Mr. Michael Carter, Chief
Emission Research and Regulatory Development Branch
Mobile Source Control Division

Mr. Aron Livingston, Assistant Chief Counsel
Office of Legal Affairs

Appendix A. California Reactive Organic Gas Emissions Benefits of ARB Usage
 Restrictions on Two-Stroke Non-Compliant Off-Highway Recreational Vehicles

Statewide Summer (CY2012) by Model Year: ATV + OHMC Exhaust and Running Loss

Model Year	Two Stroke		Four Stroke		Percent G2 Activity
	Activity (miles/year)	ROG (TPD)	Activity (miles/year)	ROG (TPD)	
2000 and prior	24537919	2.74	28657421	0.24	46%
2001	6517487	0.73	13687673	0.05	32%
2002	6738049	0.75	18896453	0.07	26%
2003	4024651	0.45	32774868	0.12	11%
2004	3060405	0.34	38657791	0.13	7%
2005	2869169	0.32	48126665	0.16	6%
2006	2113550	0.24	52636842	0.16	4%
2007	1481212	0.17	49384267	0.15	3%
2008	640125	0.07	27485505	0.08	2%
2009	701304	0.08	12271063	0.03	5%
2010	104335	0.01	4618675	0.01	2%
2011	164870	0.02	5022999	0.01	3%
2012	309181	0.03	7258968	0.02	4%
Scenario: 2003+ newer have 2002 G2/G4 Split					
2003	9567875	1.07	27231644	0.10	26%
2004	10846731	1.21	30871465	0.10	26%
2005	13258917	1.48	37736917	0.12	26%
2006	14235102	1.59	40515290	0.13	26%
2007	13225025	1.48	37640454	0.11	26%
2008	7312664	0.82	20812966	0.06	26%
2009	3372816	0.38	9599552	0.03	26%
2010	1227983	0.14	3495027	0.01	26%
2011	1348846	0.15	3839024	0.01	26%
2012	1967719	0.22	5600431	0.01	26%
CY2012 Emissions		7			
CY2012 Emissions if 26% G2 in MY 2003-2012		14			
Benefit of Program (ROG tpd)		7			
Percent of Activity in 2008+G2 in 2012		0.5%			

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(w/attachment)

Ellen Peter, EO/OLA
Paul Jacobs, ED
Michelle Shultz-Wood, MSEB
Greg Binder, MSEB
Legal Chron

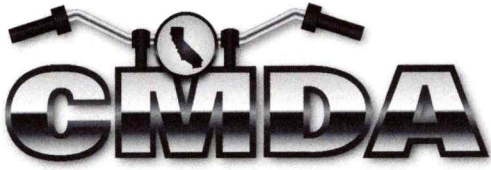
2017 - 2018 CMDA Off-Highway Motorcycle Sales Survey for Red Sticker Financial Impact Evaluation Summary (6/15/18)

ID No.	Which brands of Off-Road Motorcycles do you sell?	What percentage of all your Off-Road Motor-cycle Sales is Red Sticker Sales?	How much Annual Income Is Red Sticker Sales to your store?	If Red Sticker Motor-cycles longer be sold in California, what percentage of your customers would buy the existing range of Green Sticker models to replace them?	If Red Sticker Motor-cycles longer be sold in California, what product lines or services could you replace them with to make up for the income loss?	What percentage of your parts and service income will be affected if new Red Sticker models could no longer be sold?	How much of your parts and service income will be affected if new Red Sticker models could no longer be sold in dollars?	How much of your base do you estimate will accept electric models as part of your Green Sticker ATV and SxS sales base?	How much of your base do you estimate will accept electric models as part of your Green Sticker ATV and SxS sales base?	Do you think California's air will be even slightly cleaner if no new Red Sticker Motor-cycles can be sold?	Have your off-road sales covered from the recent 2007 recession? % +/- (from pre-recession sales)	Have your on-road sales covered from the recent 2007 recession? % +/- (from pre-recession sales)
1	Y	25%	\$400K	5%	None	20%	\$250K	0%	0%	No	-50%	-50%
2	H Husq	80%	\$500K	20%	Nothing	20%	\$156K	1%	1%	No	-5%	-5%
3	H K S	40%	\$200K	5%	None	8%	\$80K	0%	0%	No	-50%	-30%
4	H S Y	17%	\$1.7M	10%	None	30%	\$300K	30%	20%	No	-30%	-25%
5	K S Y	16%	\$1.4M	10%	None	30%	\$240 K	3%	2%	No	-25%	-20%
6	H	0%		35%	Unknown	30%		5%	5%	No	No	-10%
7	K	70%	\$110K	N/A	No Idea	?	?	1%	1%	No	-60%	-30%
9	H	30%	\$500K	5%	None	20%	\$300K	0%	0%	No	-50%	-50%
10	K SSR P Kymco	90%	\$500K	10%	Great Question	25%	\$100K	5%	5%	No	-80%	-60%
11	KTM Husq	50%	\$3M	20%	None	35%		5%		No	+30%	Yes
12	H Y K S	3%	\$51K	3%				2%	5%	No	+15%	No
13	H S KTM	60%	\$300K	10%	None	30%	\$185K	1%	0%	No	-20%	-15%
14	Chinese Only	Red	Sticker	ATVs								
15	H Husq Y	34%	\$1.3M	5%	None	75%	N/A	5%	3%	No	-30%	-30%
16	H Husq Textron	50%	\$400K	10%	None	10%	\$80K	2%	1%	No	-20%	20%
17	HKKTMSY	15%	\$2.4M	5%	Nothing	50%	\$800K	1%	1%	No	-60%	105%
18	H K	50%	\$300K	0%	Nothing	15%	\$100K	5%	5%	No	-50%	-50%
19	KSY AC Text	20%	\$3.5M	40%	None	30%	\$600K	5%	20%	No	No	Yes
20	S Y Beta	95%	\$2M	5%	None	25%	\$250K	0%	0%	No	-70%	-60%

Comments:

#2 — This will hurt an industry that has already been hurt by other regulations; may not be able to handle much more.
 #6 — The only reason our business is slightly up is due to the closure of other dealers.

- #7 — Kawasaki only has Red Sticker bikes 250 cc and up. This will end profitability for OHV sales.
- #8 — *Comment only:* Red Sticker units represent about 25% of my Yamaha sales; could be a little more. This could impact our family buyers. They go to cycle parks that will be affected in Northern California.
- #10 — ***Help! Please.***
- #11 — We would just lose a lot of our sales. If customers wanted to stick with our brands, they would have to convert to buying street or dual sport bikes. Red Sticker motorcycles are a huge part of our business. If we were no longer to be able to sell them, our business could suffer dramatically.
- #12 — When you consider the actual time a Red Sticker bike is actually ridden, the effect on California air is minimal.
- #13 — We would close our doors without Red Sticker models. The value of the business would give no chance for a sale.
- #15 — My business will close.
- #16 — We have suffered tremendously with the inability to sell performance exhaust systems under new CARB regulations; it will be hard to survive if this goes through.
- #18 — Our OEMs are not producing Green Sticker models going forward.
- #19 — Banning Red Sticker vehicles will do little towards reducing overall carbon emissions. But would definitely reduce sales tax and other revenue.
- #20 — Many offroad riders will move out of California. Most dealers will suffer so badly they will close. My family business will have to move if CARB takes this sport away.



California Motorcycle Dealers Association

P.O. Box 399, Lake Elsinore, CA 92531
☎ (951) 471-1500 www.camda.net Fax (951) 471-1577

Since 1971 — Forty-Seven Years of Service to California's Motorcycle & Motorsports Dealers

MAY 29, 2018

2018 CMDA Off-Highway Motorcycle Sales Survey for Red Sticker Financial Impact Evaluation

At two CARB Red Sticker workshops on May 16 and 17, their staff revealed that they are preparing to recommend to the full Air Resources Board to prohibit Red Sticker off-road motorcycle sales in three years. They will be making some adjustments to decrease the number of models that will be banned, but California dealers that depend on Red Sticker sales will be severely affected.

The CMDA has concentrated on making the staff and full Air Resources Board Members aware of the financial impact to a dealer's income stream that not being able to sell new Red Sticker motorcycles, and questioning if the financial damage to dealers is worth the very small emission contribution that Red Sticker motorcycles represent. **The financial impact is an important consideration for the Board to take into consideration if a decision by them significantly affects a California business or industry.**

So, the CMDA has developed a second blind survey to try and quantify that cost to California's retail off-road businesses, below. If you are a CMDA member, and don't sell the off-road product line, or filled one out last September, please disregard this request. However, if your business is going to be affected, please take a couple of minutes and fill out the survey, scan it and either fax, or e-mail it back to the CMDA headquarters. **You do not have to identify your dealership.** That is completely optional. However, if you do, **your identity will be kept completely confidential!** A comprehensive report covering all of the response information will be prepared for discussions with CARB, **not** your individual answers or identity. **Don't delay; this challenge is real — get us the information, so that we can try to get as much relief for California OHV dealers, as possible!**

Dealership Name (Optional) _____ Zip Code: _____

Which Brands of Off-Road Motorcycles do You Sell?

(check boxes that apply) Honda Kawasaki
 KTM Suzuki Yamaha Other (please list brands) _____

How much of your sales is Red Sticker Motorcycles?

Percentage of all off-highway motorcycle sales? _____%
Percentage of all off-highway vehicle sales? _____%
How much annual income does Red Sticker Motorcycle Sales represent to your dealership? \$ _____

If new Red Sticker Motorcycles could no longer be sold in California, what percentage of your customers would buy the existing range of Green Sticker models to replace them? _____%

If new Red Sticker Motorcycles could no longer be sold in California, what product lines or services could you replace them with to make up for the income loss? _____

How much of your parts and service income will be affected if new Red Sticker models could no longer be sold? _____% \$ _____

How much of your customer base will accept zero emission (electric) models as part of your Green Sticker off-road motorcycle base? _____% Your ATV and Side x Side bases? _____%

Do you think California's air will be even slightly cleaner if no new Red Sticker Motorcycles can be sold? Yes No

Have your off-road sales recovered from the recent 2007 recession? Yes % _____ Increase
 No % _____ Decrease (from pre-recession sales)

Have your on-road sales recovered from the recent 2007 recession? Yes % _____ Increase
 No % _____ Decrease (from pre-recession sales)

Your comments: _____

Complete and E-mail or FAX this Survey to the CMDA Headquarters by Tuesday, June 12, 2018: E-mail: www.info@camda.net Fax: (951) 471-1577