



## **Motor Vehicle Fee Program Advisory: 05-004**

### **Motor Vehicle Registration Fee Funding**

*This page updated December 20, 2004*

This advisory provides guidance on funding incentive programs from an additional two dollar surcharge that air pollution control districts may impose on vehicle registration fees (“\$2 motor vehicle fee”); see Health and Safety Code Section 44220 et seq.

On January 1, 2005, new legislation (AB 923, Firebaugh) will permit the funding of certain incentive programs from an additional two dollar surcharge on motor vehicles. The two dollar surcharge is only effective if adopted by a vote of the local or regional air pollution control district board. This Advisory provides guidance for districts that plan to implement incentive programs funded with the extra \$2 motor vehicle fee.

#### **What projects can be funded with the extra \$2?**

The statute requires the extra \$2 to be spent on four programs:

- Projects eligible for grants under the Carl Moyer Program
- New purchase of clean school buses
- Accelerated vehicle retirement or repair programs
- New purchase, retrofit, repower or add-on equipment for previously unregulated agricultural sources as defined in 39011.5 of the Health and Safety Code.

#### **Can projects funded with the extra \$2 be counted toward a district’s Carl Moyer Program matching fund requirement?**

If the projects funded are eligible for grants under the Carl Moyer Program, they may be counted toward a district’s Carl Moyer Program matching fund requirement. In addition, accelerated vehicle retirement programs that comply with the ARB regulations (Sections 2601 through 2610 of Title 13) and Program Advisory 05-003 may be counted toward the matching fund requirement.

#### **Can the emission reductions from projects funded with the extra \$2 be counted toward a district’s State Implementation Plan (SIP) commitments?**

Emission reductions from projects that are eligible for grants under the Carl Moyer Program may be counted toward the reductions required by the SIP as long as the reductions are not required by the compliance date of a statute, regulation, or other legally binding document (that is, “early reductions” that take place before the compliance date of a statute, regulation or other legally binding document may be funded). In addition, car scrap projects that are implemented according to the ARB’s scrap regulations and Program Advisory 05-003 may also be counted as long as they are surplus.

Emissions reductions required by regulations obtained from agricultural projects that are directly funded from the \$2 motor vehicle fee are credited to the applicable rule, and cannot be counted for additional SIP credit (i.e. no “double counting”).

### **How should districts report on projects funded with the extra \$2 motor vehicle fee?**

Districts should continue to use the reporting database for motor vehicle fee projects to report on projects funded with the extra \$2 motor vehicle fee.

In addition, these projects will be subject to the same reporting, auditing, and oversight requirements as Carl Moyer Program projects. Thus, districts must report projects funded by the extra \$2 motor vehicle fee in the Carl Moyer Program reporting database (including non-Carl Moyer Program projects funded with the \$2 motor vehicle fee). ARB staff will work with local district staff to streamline these reporting requirements.

### **How should projects be implemented under the Carl Moyer Program?**

Carl Moyer projects funded by the \$2 vehicle registration fee must be eligible for grants under the Carl Moyer Program. The most recent Carl Moyer Program Guidelines are dated September 30, 2003, and are available at <http://www.arb.ca.gov/msprog/moyer/moyer.htm>. AB 923 expanded the source categories and projects that are eligible for Carl Moyer Program funding, so districts should also consult applicable Carl Moyer Program Advisories 05-001, 05-002 and 05-003 to determine project eligibility.

### **How should projects be implemented under the Clean School Bus Program?**

School bus projects must follow the 2000-2001 Lower-Emission School Bus Program Guidelines approved by the Air Resources Board on December 7, 2000 and guideline addenda published in May 2003 (2003 Lower-Emission School Bus Program Guidelines) and June 2004 (2004 Final Revised Guideline Addendum). These guidance documents are available at <http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>.

### **How should projects be implemented under the accelerated vehicle retirement or repair programs?**

Voluntary accelerated vehicle retirement, VAVR or “scrap,” programs must be implemented according to the regulations adopted by the Air Resources Board on February 21, 2002 and Policy Advisory 05-2. The regulations are set forth in sections 2601 through 2610 of Title 13 of the California Code of Regulations or at <http://www.arb.ca.gov/regact/vavr/vavr.htm>.

There are currently no guidelines for vehicle repair programs. Districts wishing to fund vehicle repair programs should consult with ARB staff.

### **How should motor vehicle fee projects affecting agricultural sources be implemented?**

Please consult Advisory 05-002 for information about directly funding agricultural emission reduction projects with the \$2 motor vehicle fee.