



Linda S. Adams
Secretary for
Environmental Protection

Air Resources Board

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



Arnold Schwarzenegger
Governor

TO: All Auction House Managers

DATE: June 16, 2008

SUBJECT: AIR RESOURCES BOARD PROPOSES CHANGES TO FLEET RULE
FOR PUBLIC AGENCIES AND UTILITIES THAT WILL AFFECT
AUCTION HOUSES AND DEALERSHIPS

Under the Fleet Rule for Public Agencies and Utilities, title 13, California Code of Regulations, section 2022 (Fleet Rule), a municipality or utility may retire a vehicle to satisfy the best available control technology (BACT) requirement. One method to meet the definition of "retirement" is for a vehicle to be sold, registered and operated outside of California. To ensure proper "retirement" of a vehicle, a municipality or utility must document these activities. Recently, the Air Resources Board (ARB) initiated a "VIN Stop" process with the Department of Motor Vehicles to help municipalities and utilities properly retire a vehicle. Currently, ARB recommends municipalities and utilities to submit a VIN Stop to ARB to prevent a buyer from re-registering the vehicle in California.

In many cases, municipalities and utilities retire vehicles through sale at an auction house or as a trade-in to a dealership. It is the responsibility of the municipality or utility to inform an auction house or dealership that a vehicle may not be registered/operated in California. It is then the responsibility of the auction house or dealership to ensure that the subsequent buyer is aware that the vehicle cannot be registered/operated in California. Recently, some municipalities and utilities reported that buyers re-registered vehicles in California that were supposedly sold out-of-state, before municipalities and utilities submitted VIN Stop requests to ARB. A municipality or utility will not receive BACT credit if it sells a vehicle prior to getting a VIN Stop issued and a buyer re-registers the vehicle in California.

Proposed Changes to Fleet Rule to Affect Auction Houses and Dealerships

To ensure a municipality or utility receives BACT credit for a vehicle sold out-of-state, ARB is proposing changes to the Fleet Rule that would require a municipality or utility to submit a VIN Stop request to ARB and have it in place prior to selling the vehicle. Also, proposed changes include contract language with the auction house or dealership that requires full notification to the buyer of the vehicle.

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

ARB staff recently completed a series of workshops throughout the state and will be modifying the draft regulatory language to appropriately reflect comments received. In addition to the proposed requirement in the submittal of a VIN Stop to ARB prior to retiring a vehicle, staff is also proposing that once a municipality or utility notifies an auction house or dealership that the vehicle must be sold out-of-state, it is the auction house or dealership's responsibility to:

- 1) Ensure that vehicle is sold out-of-state or if sold to an intermediate buyer in-state, inform the intermediate buyer of these requirements;
- 2) Inform the new buyer that the vehicle cannot be registered in California; and
- 3) Notify the new buyer to inform future buyers that the vehicle cannot be registered/operated in California.

An auction house or dealership would then provide a written statement to the municipality or utility with the buyer's acknowledgement of the above three requirements demonstrating the auction house or dealership satisfied its responsibilities of proper notification. If a municipality or utility has properly notified the auction house or dealership about "retiring" the vehicle, the auction house or dealership may be subject to penalty if it fails to satisfy its responsibilities to properly "retire" the vehicle.

Workshops and Written Comments

The proposed changes to the Fleet Rule affects auction houses and dealerships. ARB invites all auction houses and dealerships to review the proposed changes on the Fleet Rule homepage, under the "What's New" section, at: <http://www.arb.ca.gov/msprog/publicfleets/publicfleets.htm>. Updated revised draft regulatory language will be posted at this website prior to the next series of workshops, tentatively planned for early August. Written comments on the proposed changes can be sent to:

Air Resources Board
Heavy-Duty Diesel In-Use Strategies Branch
Mobile Source Control Division, Attention: Kathleen Mead
P.O. Box 2815
Sacramento, California 95812

All Auction House Managers
June 16, 2008
Page 3

Listserve and Contact Information

Please sign up on the Public Fleets listserve to receive information about future workshops on the proposed changes to the Fleet Rule at:
<http://www.arb.ca.gov/listserv/listserv.php>.

For further information please contact, Ms. Kathleen Mead, Manager, at (916) 324-9550 or by email at kmead@arb.ca.gov, or Mr. Boons Baythavong, (916) 327-2938, or by email at bbaythav@arb.ca.gov.

Sincerely,



Erik White, Chief
Heavy-Duty Diesel In-Use Strategies Branch

cc: Ms. Kathleen Mead, Manager
Retrofit Implementation Section

Mr. Boons Baythavong
Air Pollution Specialist
Retrofit Implementation Section