

State of California
AIR RESOURCES BOARD

**Final Statement of Reasons for Rulemaking,
Including Summary of Comments and Agency Response**

PUBLIC HEARING TO CONSIDER THE ADOPTION OF PROPOSED AMENDMENTS
TO THE VOLUNTARY ACCELERATED VEHICLE RETIREMENT REGULATION

Public Hearing Date: December 7, 2006
Agenda Item No.: 06-11-6

I. GENERAL

In this rulemaking, the Air Resources Board (ARB or Board) is adopting revisions to the Voluntary Accelerated Vehicle Retirement (VAVR) regulation to authorize the optional use of technologies such as remote sensing devices and high emitter profiles to identify potential high emitting vehicles for participation in VAVR programs. The amendments also authorize the generation of extra emission reduction credits for retiring high emitting vehicles. The revisions reinstate the vehicle registration requirement from 120 days to 24 months to be consistent with the enabling legislation. Further, the revisions reorganize the regulatory language to improve readability and consolidate responsibilities, remove two sections that are no longer applicable, and replace the emission reduction tables with the underlying methodology so reductions can more easily be updated for future years.

The rulemaking was initiated on October 20, 2006, through the publication of the Notice of Public Hearing for the December 7, 2006, public hearing to consider the amendments to the VAVR regulation. Concurrently, a Staff Report: Initial Statement of Reason for Rulemaking, Proposed Amendments to the Air Resources Board's Regulations for Voluntary Accelerated Light-Duty Vehicle Retirement (Staff Report) was made published. The Staff Report, which is incorporated herein by reference, describes the justification for the proposed amendments. The text of the proposed amendments to title 13, California Code of Regulations (CCR), sections 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, Appendix A, Appendix B, Appendix C, and Appendix D and the proposed repeal of section 2611 were included as an Appendix to the Staff Report. These documents were also posted on the ARB's website for the rulemaking at: <http://www.arb.ca.gov/regact/vavr06/vavr06.htm>. This Final Statement of Reason (FSOR) updates the Staff Report, summarizes the public comments, and presents the Board's responses to the public comments.

A. Description of Board Action

On December 7, 2006, the Board conducted a public hearing to consider ARB staff's proposed amendments to the VAVR regulation. After considering the written comments received during the 45-day public comment period prior to the hearing and

the testimony received at the public hearing, the Board unanimously adopted Resolution 06-11-06 to amend the regulations. The amendments are to title 13, CCR, sections 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, Appendix A, Appendix B, Appendix C, and Appendix D along with the repeal of section 2611.

Written and oral comments were received on the proposed amendments to the regulations from October 20, 2006 to December 7, 2006, and at the public hearing. This FSOR summarizes the written and oral comments received. The ARB's responses to those comments are also set forth in Section II of this FSOR.

B. Modifications to the Original Proposal

There were no modifications to the original proposal. The Board adopted the amendments to the regulation as proposed.

C. Incorporation by Reference in the Regulation

This regulatory order does not include any references to other regulations.

D. Fiscal Impacts to School Districts and Local Agencies

ARB staff has evaluated the potential economic impacts on representative private persons and businesses. Participation in VAVR programs under this regulatory action is purely voluntary for all participants including the public, businesses, and local agencies. It is unlikely that school districts would participate in VAVR programs but, if they did participate, the participation would be entirely voluntary. There are no mandated economic or fiscal impacts by this action. A more complete assessment of the economic impacts of the proposed regulatory action is presented in the Staff Report.

Pursuant to Government Code sections 11346.5(a)(5) and 11346.5(a)(6), the Executive Officer has determined that this regulatory action will not create costs or savings, as defined in Government Code section 11346.5(a)(6), to any state agency or in federal funding to the state, costs or mandate to any local agency or school district whether or not reimbursable to the state pursuant to part 7 (commencing with section 17500), division 4, title 2 of the Government Code.

The Executive Officer has determined that this regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, or on representative private persons.

In accordance with Government Code section 11346.3, the Executive Officer has determined that this amendment will not affect the creation or elimination of jobs within the State of California, the creation of new businesses and the elimination of

existing businesses with in the State of California, and the expansion of businesses currently doing business with the State of California.

The Executive Officer has also determined, pursuant to title 1, CCR, section 4, that this regulatory action is unlikely to affect small businesses.

In accordance with Government Code sections 11346.3(c) and 11346.5(a)(11), the Executive Officer has found that the reporting requirements in the regulations and incorporated documents that apply to businesses are necessary for the health, safety, and welfare of the people of the State of California.

E. Consideration of Alternatives

There are no other alternatives which would be more effective than the action taken by the Board.

II. SUMMARY OF COMMENTS AND AGENCY RESPONSE

<u>Abbreviation</u>	<u>Commenter</u>
ESP	Carl Nord Vice President, North American Decentralized Marketing Environmental Systems Products Oral Testimony, December 7, 2006
SJVAPCD	Seyed Sadredin Executive Director/Air Pollution Control Officer San Joaquin Valley Air Pollution Control District Written Testimony, December 5, 2006
SCAQMDW	Barry R. Wallerstein, D. Env. Executive Officer South Coast Air Quality Management District Written Testimony, December 6, 2006
SCAQMDO	Dean Saito South Coast Air Quality Management District Oral Testimony, December 7, 2006
1. <u>Comment:</u>	In general, we support the proposed amendments to the VAVR regulation. (ESP, SJVAPCD, SCAQMDW, SCAQMDO)
<u>Agency Response:</u>	We thank you for your comments and support.

2. Comment: There are some issues for your consideration that will need to be addressed in the future to further improve the VAVR regulation.
(SCAQMDW and SCAQMDO)

Agency Response: ARB staff is looking forward to working with stakeholders on further improvements to the VAVR regulation based on additional data obtained from vehicle retirement programs operated in California.