

Date of Hearing: April 24, 2016

ASSEMBLY COMMITTEE ON TRANSPORTATION

Jim Frazier, Chair

AB 1274 (O'Donnell) – As Amended March 30, 2017

**SUBJECT:** Smog check: exemption

**SUMMARY:** Exempts two additional model years of vehicles (model years 7 and 8) from motor vehicle inspection and maintenance program (smog check) requirements and assesses these vehicles a fee of \$24 per year for each year they are exempted, directs revenue from the fee to the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program). Specifically, **this bill:**

- 1) Adds, beginning on January 1, 2018, two additional years to the number of vehicle model years that are exempted from smog check.
- 2) Requires that the newly exempted motor vehicles (model years 7 and 8) would be subject to an annual smog abatement fee of \$24 and directs revenues from the fee to be deposited into the Air Pollution Control Fund to fund the Moyer Program.
- 3) Clarifies that this exemption does not apply to a motor vehicle that is seven model years old in the year 2017 for which a certificate of compliance has been obtained.

**EXISTING LAW:**

- 1) Establishes the smog check program administered by the state Air Resources Board (ARB) and the Bureau of Automotive Repair (BAR).
- 2) Requires that vehicles manufactured in 1976 or later participate in biennial (every two years) smog check program in participating counties.
- 3) Provides, with limited exceptions, that vehicles that are six years old or newer are not required to participate in smog check and instead pay a \$12 annual smog abatement fee.
- 4) Provides that the six-year exception does not apply to non-resident vehicles (previously registered out-of-state) being registered in California for the first time.
- 5) Establishes the Moyer Program, administered by ARB to provide grants to offset the incremental cost of eligible projects that reduce emissions from certain vehicular sources.

**FISCAL EFFECT:** Unknown

**COMMENTS:** Smog check is a joint effort between the ARB, BAR, and Department of Motor Vehicles (DMV) that requires vehicles manufactured in 1976 or later to participate in the biennial inspection at DMV-approved smog check stations in order to renew vehicle registration. The goal of smog check is to reduce air pollution from vehicles by ensuring that cars with excessive emissions are repaired in accordance with state and federal guidelines. With some exceptions, gas-powered vehicles that are six years old or newer are not required to participate in smog check and instead pay a smog abatement fee each year during this 6-year period.

Approximately 12 million Californians currently live in communities that exceed the federal standards for ozone and particulate matter (PM) with the South Coast and San Joaquin Valley air basins experiencing some of the worst air pollution in the nation. While various regulatory and legislative efforts have led to substantial and noticeable improvements in air quality and public health, many Californians continue to be seriously affected by poor air quality.

Emissions from heavy-duty diesel engines are a major source of the state's air pollution, including smog-forming nitrogen oxides (NOx), and cancer-causing PM. According to the South Coast Air Quality Management District's (SCAQMD's) 2016 Air Quality Management Plan (AQMP), mobile sources contributed about 88% of the region's total NOx emissions in 2012. The AQMP further explains that, existing rules, regulations and programs are not sufficient to fulfill the SCAQMD's public health mandate given that over the next seven to fifteen years, the region must achieve substantial additional reductions in NOx emissions in order to attain the ozone standards by the 2023 deadline.

Incentive programs such as the Moyer Program have been very successful in achieving emission reductions. Specifically, the Moyer Program incentivizes owners of diesel engines to go beyond regulatory requirements by retrofitting, repowering, or replacing their engines with newer and cleaner ones. Unfortunately, the incentive funding levels needed for attainment are significantly more than what has been allocated to date. For example, SCAQMD, estimates that in order to meet the upcoming 2023 and 2031 air quality standards, approximately \$11-14 billion in total funding over a seven to fifteen year period is needed in the south coast region alone.

To obtain the incentive funding needed to help SCAQMD and other regions of the state facing similar challenges achieve mandated federal air quality standards, the author has introduced this bill which would defer, from year six to year eight, the required smog check requirements for motor vehicles and during the exempted period, these vehicles would instead pay an annual smog abatement fee of \$24, due upon registration, in lieu of the cost to complete smog check at a DMV-approved smog check station. The revenue generated by the \$24 fee would then be utilized to fund the Moyer Program which would, in turn, would reduce toxic air pollution by providing incentive funding to private companies and public agencies to purchase cleaner-than-required engines, equipment, and emission reduction technologies. SCAQMD estimates that this bill would triple the nearly \$65 million generated through smog abatement fees per year for the Moyer Program.

Writing in support of this bill, SCAQMD points out that in years 7 and 8, a vehicle owner will ultimately save money over what they would have spent to complete a smog check. They note that given that the average smog test costs between \$29 and \$69, depending on the county of residence and the type of vehicle being evaluated, vehicle owners can expect to save up to \$45 per vehicle for each year of the exemption. SCAQMD also notes that the vast majority of newer light-duty vehicles are equipped with cleaner technologies that typically pass smog check after six years. SCAQMD also notes that the benefits of emissions reductions that would be achieved from diesel engines would far outweigh those achieved from smog repairs on gasoline engines because diesel emissions are significantly more toxic.

*Committee concerns:*

- 1) While the author suggests that the emissions increase that would result from exempting vehicles in year 7 and 8 from smog check would be offset by the decrease in emissions

resulting from additional investment in the Moyer Program, the committee was unable to obtain substantive data to support this argument.

- 2) Exempting vehicles in year 7 and 8 year could have an adverse economic impact on the many stations in California that perform smog tests, many of which are small businesses that have recently invested in new emissions testing equipment. Additionally, businesses that perform emission-related repairs on vehicles that fail smog check inspections would also be adversely affected.
- 3) Smog check data is analyzed by ARB and others to identify problems with vehicle model components that later lead to corrective actions such as recalls. The added two years of exemptions would delay the availability of this data which, in turn, could delay much needed corrective actions.

*Related legislation:* AB 1317 (Gray) would add stationary irrigation or water conveyance engines (well pumps) to the list of equipment that is eligible for Moyer Program incentive funding. AB 1317 passed out of this committee on April 17, 2017, with a 13-0 vote and is awaiting a hearing by the Assembly Appropriations Committee.

AB 302 (Gipson) would authorize SCAQMD to adopt rules and regulations that require specified operators of public and commercial fleet vehicles to purchase zero-emission and near-zero-emission vehicles for operation in the district. AB 302 is set to be heard by this committee on May 8, 2017.

*Previous legislation:* AB 8 (Perea), Chapter 401, Statutes of 2013, extended various temporary, vehicle-related, state and local fees and surcharges to fund vehicle-related air quality, greenhouse gas (GHG) and related programs, including an increase in the smog abatement fee.

SB 1107 (Committee on Budget and Fiscal Review), Chapter 230, Statutes of 2004, exempted any motor vehicle up to 6 model-years old from the smog check requirement and increased the annual smog abatement fee for these now exempt vehicles.

AB 923 (Firebaugh), Chapter 707, Statutes of 2004, expanded the Moyer Program to cover additional pollutants and engines and imposed a 75-cent tire fee on tire sales to fund the Moyer Program.

AB 1571 (Villaraigosa) Chapter 923, Statutes of 1999, established the Moyer Program through which ARB provides grants to offset the incremental costs of purchasing or retrofitting engines in order to reduce specified air emissions.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

South Coast Air Quality Management District (Sponsor)  
Bay Area Air Quality Management District  
California Air Pollution Control Officers Association  
Sacramento Metropolitan Air Quality Management District

**Opposition**

None on file

**Analysis Prepared by:** Victoria Alvarez / TRANS. /