

## T-1 VEHICLE TECHNOLOGY

### 1.1 Clean Car Program

#### COMMENT:

- The "Pavley" standards are not part of the CA emissions standards for vehicles at this time and should not be considered as part of a current strategy. "Pavley" is limited by three big legal issues:
  - USEPA may choose not to regulate CO2 as a GHG. This issue was sent back to the agency recently by the US Supreme Court.
  - If CO2 is not regulated at the federal level, USEPA may not be willing to allow California, and other states like WA which have elected to follow CA's rules governing vehicle emissions, to regulate CO2 at the state level. California is waiting for an USEPA decision on whether or not the state can incorporate "Pavley". Until CA receives the permission to incorporate "Pavley", either from USEPA or the courts, GHG regulation is not part of the CA emissions program under the law.
  - CA may be preempted from regulating GHG vehicle emissions. GHGs in cars can't be reduced by technology. Because the only way to reduce GHGs is to burn less fuel, the auto manufacturers are arguing that CA cannot impose GHG reductions without setting fleet mileage standards. States are preempted, under CAFÉ, from setting their own fleet mileage standards. Litigation is already pending.
- Inclusion of "Pavley" standards for vehicles will only lead to costly litigation. The current high-cost litigation already surrounding CA's actions will be shared by WA if we move forward prior to resolution of the existing litigation on GHG regulation.
- Inclusion of "Pavley" standards will not reduce GHG emissions. "Pavley" works by requiring vehicles sold in a state to reduced GHG emissions through higher fleet mileage. However, nothing prevents buyers from purchasing vehicles that get fewer miles per gallon from out of state dealers and bringing them in to WA. These vehicles qualify for sale in the state, "Pavley" would simply place an artificial limitation on the number of these vehicles available from in-state dealers. Consumers would still be able to meet their needs for a particular type of vehicle by buying out of state. As a result, the same vehicles would be on the road producing the same GHGs.

RECOMMENDATION: Remove "Pavley" from the list of strategies subject to further consideration.

### 1.5 Vehicle Purchase and Registration

#### COMMENT:

- The sales tax exemption for hybrid/alternative fuel vehicles is limited in duration and scope. The sales tax exemption covers a limited number of vehicles powered by natural gas, propane, hydrogen or electricity. In addition it is available only from 1/1/09 until 1/1/11. The short duration for the incentive and the extremely limited number of vehicles

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to which it applies frustrates the use of the current incentive to promote legitimate reductions in GHG.

- Do not use artificial weight categories of vehicles as the basis for a penalty/subsidy "feebate" program. A vehicle itself does not result in GHG emissions, it is the use of that vehicle which produces the emissions. Emissions are directly related to the amount of fuel burned. Should a family that drives a Ford Explorer to shuttle kids to school subsidize a commuter who drive a Honda Civic from Seattle to Olympia each day? They both produce about the same level of GHG emissions in a year because they both purchase and burn about 600 gallons of gasoline.
- Any fees or costs imposed on the purchase of a new vehicle is more likely to delay the replacement of the older vehicle than it is to convince consumers to purchase a different vehicle. If you impose a \$500 premium on a new Ford Explorer, you are unlikely to convince the family to trade it in for a Honda Civic sedan, even if you give them a \$500 credit on the Civic. Instead, they are more likely to keep their current SUV longer or to buy a used vehicle. In each case, you are simply keeping older less efficient vehicles in circulation and generating greater GHG emissions.

#### RECOMMENDATIONS:

- Broaden a tax incentive to promote purchases of vehicles that achieve high average miles per gallon or that use alternative fuels, like ethanol, that produce lower CO2 emissions. However, set the bar at a reasonable miles per gallon level to promote movement of a greater share of the market into more efficient vehicles.
- Reject a "feebate" program that creates arbitrary distinctions between vehicles. Consider a fee system that discourages unwanted behavior (production of GHG emissions) by making the fuel burned to create those emissions more expensive.
- Create a targeted tax incentive that gives consumers an incentive to purchase the most efficient vehicle in a given class (e.g. most efficient subcompact, or mid-size SUV).

#### 1.7 Incentives to Retire or Improve Older High-GHG Vehicles

##### COMMENT:

- Incentives should be extended to replace all older passenger vehicles. Vehicle mileage has improved in all categories, not just the vehicles getting the lowest miles per gallon. A subcompact purchased today gets substantially better mileage than its 1987 or 1997 predecessor. In addition, new vehicles are less likely to leak gas, oil, or other fluids-a benefit for protecting both air and water quality.

RECCOMENDATION: Create a broad tax incentive that promotes more frequent replacement of all vehicles with new and more efficient vehicles.