



Updated April 15, 2021

The Honorable Kevin McCarty
 California State Assembly
 State Capitol, Room 2136
 Sacramento, CA 95814

RE: AB 1218 (McCarty) - OPPOSE

Assemblymember McCarty:

On behalf of the coalition listed below, we regretfully must **OPPOSE** your AB 1218, which bans sales of internal combustion engine (ICE) light duty vehicles beginning in 2035 and imposes a de facto “feebate” on sales of CARB-compliant vehicles in the interim.

Unnecessarily Limits Mobility and Transportation Options for California Families and Businesses

AB 1218 codifies Governor Newsom’s executive order requiring CARB to ban the sale of all ICE light duty vehicles less than 14 years from today. Doing so limits mobility and

transportation options for the vast majority of California's families and businesses and fails to address the myriad agencies, programs, and policies that should be contemplated before handing such statutory authority over to a single entity. Zero Emission Vehicle (ZEV) options are available today but are not viable options for all Californians for various reasons including cost and charging infrastructure. Inadequate ZEV refueling infrastructure in single family and multi-family housing and increasing electricity rates, which increase the cost of each mile driven by families and businesses, are two of the major hurdles that should be addressed before policymakers decide to limit choice for California's 27 million drivers and 28.5 million light duty vehicle owners.

Feebates will increase the cost of all vehicles, including ZEVs

AB 1218 is a feebate program masquerading as a civil penalty on auto manufacturers. Instead of assessing the fee directly on consumers, as has been tried unsuccessfully in other countries, the bill instead assesses a revenue raising scheme as a "civil penalty" on automakers based on the number and assumed emissions of vehicles sold in the previous calendar year.

Imposing a civil penalty is simply a revenue generating "hidden tax" that should require a 2/3 vote of the legislature. Assessed civil penalties will undoubtedly raise the cost to consumers of all vehicles, including ZEVs. Such a scheme is inherently regressive on those who need ICE vehicles (trucks and high occupancy passenger vehicles) and makes consumer adoption of ZEVs even more difficult, counter to the intent of the bill.

In previous reports to the Legislature, CARB projected that it would ultimately need to pay 2.1 million rebates to consumers totaling \$5.6 billion to get five million ZEVs on the road by 2030. Incentives in the form of consumer rebates are an absolutely necessary component in getting more ZEVs and plug-in hybrid electric vehicles (PHEVs) on California's roads. Unfortunately, using this funding scheme is counterproductive, especially since existing funding sources exist in the form of cap-and-trade auction proceeds and ongoing funding from the Clean Transportation Program now in effect. Via these mechanisms, consumers of ICE-powered vehicles are already paying to subsidize ZEV sales when they purchase fuel. AB 1218 would create a second hidden tax upon consumers for purchasing ICE-powered vehicles.

Unprecedented Civil Penalty Authority for Lawful Vehicles

We are unaware of any provision in California statute that allows a governmental agency to assess unlimited civil penalties on a manufacturer for the sale of a lawfully built product.

As currently drafted, AB 1218 would impose civil penalties upon automakers for selling cars that meet all federal and California emissions mandates. How can businesses be fined for selling a legal car? Doing so undercuts the concept of President Obama's "One National Program" for emission controls, the extension of which is currently being negotiated between the Biden Administration, California, and automakers. This bill is at odds with

that program and its goals since it sets a California-only emissions requirement on vehicles sold in the state.

In addition, the bill requires CARB to set fines based on the number of vehicles sold by a particular automaker and their assumed exceedance of the bill's arbitrary emissions limits. This gives CARB a blank check to set the scale of fines, with no upper or lower limits. Unlimited fines whose stated purpose is to raise money can be easily manipulated at-will without any oversight by the Legislature.

The legislature should not cede this much unchecked authority to any executive branch entity.

For these reasons, we must OPPOSE AB 1218 as currently drafted.

Sincerely,



Curt Augustine
Senior Director, State Affairs, Alliance for Automotive Innovation

On behalf of the following organizations:

African American Farmers of California
American Pistachio Growers
Alliance For Automotive Innovation
Black Business Association
California African American Chamber of Commerce
California Black Pastors Association
California Business Roundtable
California Chamber of Commerce
California Cotton Ginnery and Growers Association
California Fuels & Convenience Alliance
California Hispanic Chambers of Commerce
California Independent Petroleum Association
California Manufacturers & Technology Association
California Taxpayers Association
California Walnut Commission
Californians for Affordable & Reliable Energy
CTIA
Far West Equipment Dealers Association
National Federation of Independent Business
Nisei Farmers League
The Industrial Association of Contra Costa County

Western Agricultural Processors Association
Western States Petroleum Association

cc: The Honorable Laura Friedman, Chair, Assembly Transportation Committee
The Honorable Vince Fong, Vice-Chair, Assembly Transportation Committee
Members, Assembly Transportation Committee
Christine Casey, Consultant, Assembly Transportation Committee
Daniel Ballon, Assembly Republican Consultant