

**SAN JOAQUIN VALLEY  
AIR POLLUTION CONTROL DISTRICT**

**DIESEL EMISSION REDUCTION  
ACT (DERA) HEAVY-DUTY  
TRUCK VOUCHER PROGRAM**

**Truck Replacement**

**PROGRAM GUIDELINES**

The San Joaquin Valley Air Pollution Control District (District) is currently accepting applications through contracted dealerships for vouchers equaling 25% of the cost of the replacement truck, up to a maximum of \$45,000.00, to be used towards the replacement of eligible 2002 model year or older heavy-duty diesel trucks with a new diesel or alternative fuel truck that meets 2007 model year emission levels or lower, according to the terms and conditions described in these guidelines. For additional information, assistance or to receive application materials, please contact:

**San Joaquin Valley Air Pollution Control District  
Strategies and Incentives Department  
1990 East Gettysburg Avenue  
Fresno, CA 93726-0244**

You may also contact us by phone, e-mail, or visit our website at:

**(559) 230-5800  
weberip@valleyair.org  
www.valleyair.org**

## PROGRAM OVERVIEW

The purpose of the DERA Heavy-Duty Truck Voucher Program (Program) is to reduce emissions from diesel engines in heavy-duty trucks that operate at least 50% of the time within the District boundaries. Emission reductions will be achieved by replacing eligible 2002 model year or older heavy-duty diesel trucks with new or used diesel or alternative fuel trucks equipped with engines that are certified to a 2007 Family Emissions Limit (FEL) or Standard (STD) level of 1.20 g/bhp-hr oxides of nitrogen (NO<sub>x</sub>) and 0.01 g/bhp-hr particulate matter (PM) or cleaner.

### ❖ General Information:

- The maximum amount of funding available will be twenty five percent (25%) of the total cost of the eligible replacement truck, up to a maximum of \$45,000.
  - Voucher will be issued based on the quoted price, submitted at the time of application, for the replacement truck.
  - In the event that the final invoice price is less than the quoted price, the voucher amount will be reduced accordingly.
  - Voucher amounts will not be increased after issuance.
- The replacement truck may **NOT** be purchased on a lease to own.
- All applications received within the specified application period will be subject to a review process, which will include the following:
  - Verification of the truck owner's eligibility to participate in the Program.
  - Verification that the proposed project is consistent with these Guidelines.
- A determination of the status of an application will be made within 10 working days of receipt.
  - If the application is incomplete, a letter will be sent to both the applicant and the dealership indicating the reason(s).
  - If the application is complete, a voucher packet will be issued to the dealership and the applicant will be notified by mail.
  - Ineligible applications will be rejected and sent back to the applicant with a letter indicating the reason(s). The dealership will also be notified by mail of the ineligible application status.
- Vouchers will be issued on a first come, first serve basis until program funds are exhausted.
  - The voucher will be issued directly to the dealership with whom the application was submitted.
  - Vouchers are non-transferable and can only be redeemed with the dealership that is named on the voucher.
- The amount of the voucher will be reduced from the total purchase price of the truck. The receipt of voucher funds does not lower the base price of the truck thus does not reduce the tax basis of the truck.

- Payments shall be made directly to the certified dealership with whom the application was submitted only after a completed claim for payment has been received and approved from that dealership.
- Projects that are awarded a voucher will be subject to a three (3) year project life commencing on the day the replacement truck is purchased, as indicated on the dealership's final sales invoice.
  - Applicants will be required to submit annual reports to the District for the life of the project. Annual reports will be provided by the District and mailed to applicants approximately one year from the date of the final sales invoice.
- Remedies for project non-performance may include, but are not limited to, the following:
  - Recovery of all or a portion of the Program funds.
  - Other fiscal penalties on the truck owner based on the severity of non-performance.
  - Cancellation of the voucher.
  - Prohibiting the truck owner from participating in future District incentive programs.
  - Prohibiting a specific truck from participating in other District incentive programs.

## ELIGIBILITY CRITERIA

### ❖ The **current** (old) truck must:

- Have a Gross Vehicle Weight Rating (GVWR) greater than 19,500 pounds as verified by either the chassis data tag or a manufacturer's build sheet.
- Have a 2002 model year or older engine.
- Have operated at least an average of 30,000 miles per year for the past 24 months or consume at least an average of 4,700 gallons of diesel per year for the past 24 months.
- Be currently registered and have been registered (California base-plated or International Registration Plan) in the state of California for the past 24 months prior to the application submission date.
  - If the past 24 months of DMV documentation is not available the following documentation may be substituted:
    - The previous 8 consecutive months of DMV registration supplemented by alternate documentation showing California operation for the past 24 months and proof of insurance for the past 24 months.
  - Partial Year Registration Exception: If the current truck operates seasonally, the registration must indicate partial year registration and must cover at least 3 months per 12 month period for the previous 24 months.
- Operate at least fifty percent (50%) of the time within the District boundaries (page 12) for at least 24 months prior to the application submission date and at least seventy five percent (75%) of the time within the state of California.
- Be in operating condition at the time of application submission.

- Operating condition will be determined through an inspection process conducted by Certified Dealership staff or District staff prior to issuing a voucher. Trucks deemed non-operational during the inspection process will be deemed ineligible for the Program.
  - Not be currently subject to California Air Resources Board's (ARB) public utility fleet, drayage, solid waste collection or diesel cargo handling equipment rules.
    - Please visit ARB's website at <http://www.arb.ca.gov/msprog/truckstop/truckstop.htm> for more information about rules that may affect your truck.
    - The current truck must not enter ports or intermodal rail yards at the time of application and the replacement truck must not enter ports or intermodal rail yards for 3 years commencing on the day the new truck is purchased as indicated on the final invoice submitted for reimbursement.
  - Have a title free of any lien holders.
    - Titles in which the Lien holder has signed the release of interest for the truck will be accepted.
  - Title indicating ownership for the past 24 months?
- ❖ The **replacement** truck must:
- Be powered by an engine in the same weight category as the old truck (medium-heavy duty or heavy-heavy duty) as reported on the ARB Executive Order, be diesel or alternative fueled and be certified to the 2007 emissions standard of 1.20 g/bhp-hr NO<sub>x</sub> FEL and 0.01 g/bhp-hr PM or cleaner.
  - Not be a glider kit.
  - Have less than 500,000 miles on the odometer if the replacement truck has a GVWR of 33,001 or more and less than 250,000 miles on the odometer if the GVWR is between 19,501 and 33,000 pounds.
  - Be purchased through a certified dealership that is currently contracted with the District.
  - Commit the subsequent three (3) years after the purchase of the replacement truck to at least seventy five percent (75%) California operation and at least fifty percent (50%) operation within the District boundaries (page 12).
  - Be of similar type and perform similar functions as the old truck.
- ❖ The **Applicant** must:
- Do business as a small business at time of application as defined by the state of California. To be considered a small business, the business must be independently owned and operated, not dominant in its field of business, have its principle office located in California, have fewer than 100 employees and have an annual gross receipt of \$14 million or less or as defined by the California Code of Regulation (CCR) for the current year. See page 11 of this document for the definition of a small business as defined by the state of California.
  - Have a fleet greater than 3 trucks. When determining fleet size, all trucks which are greater than 14,000 pounds GVWR and under common ownership and control must be considered.

- Submit a completed application through a certified dealership for the program.
- Remain the owner of the replacement truck for the life of the project.
  - If, during the life of the project, the truck needs to be sold, the District must approve the truck ownership change **prior** to its sale. The new owner of the truck must be willing to assume the Program obligations with the District and comply with the terms and conditions outlined in the Program guidelines.
- Maintain replacement value insurance for the replacement truck through the full term of the agreement.
- Submit a copy of Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9 (Form W-9).
- Demonstrate proof of equipment warranty on the replacement truck.
- Submit annual reports to the District through the full term of the agreement as well as comply with recordkeeping and audit requirements.
  - Current truck registration and insurance documentation must be kept.
- Surrender the old truck to the dealership for scrapping with a participating dismantler contracted with the District.
  - The engine block and frame of the current truck must be physically destroyed in such a manner to eliminate the possibility of future operation. Engine blocks shall be punctured and the truck frame rails shall be dismantled, cut and/or demolished to render the truck permanently useless.
- Agree to allow the District or its representative(s) to inspect the replacement truck upon request any time for the duration of the project life.
- Properly maintain the replacement truck in good operating condition and according to manufacturer's recommendations.
- Provide a copy of the ARB Executive Order (EO), including all attachments, documenting that the replacement truck engine meets or exceeds the 2007 emission standards.
- Certify that there is no outstanding ARB equipment violations associated with the truck on application.
- Not purchase or take possession of the replacement truck under funding consideration **prior** to the issue of a voucher.
  - Applicants may not take possession of the replacement truck or make down payments towards the replacement truck prior to the issuance of a voucher.

## DEALERSHIP REQUIREMENTS

Dealership participation is an important component of the Program. The dealers are responsible for providing assistance to the applicants with the application process. This also includes ensuring compliance with all program requirements. Dealerships participating in the Program are required to enter into an agreement with the District and meet the following qualifications and perform the following program requirements:

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**DEALERSHIP ELIGIBILITY REQUIREMENTS**

- ❖ Dealership must enter into a contract with the District to be a participating dealership in the Program.
- ❖ Dealership must provide documentation of a valid dealership license issued in California for a minimum of the last two years.
- ❖ Dealership must maintain a minimum of one (1) employee that has successfully completed the training by the District regarding the terms, conditions and requirements of the Program.
  - If a participating dealership has more than one location for truck sales, then each location must have at least one employee trained on the Program.

**DEALERSHIP PERFORMANCE REQUIREMENTS**

- ❖ Dealership agrees to allow the District to inspect trucks or audit program records covered under this program.
- ❖ Dealership must provide accurate information about the Program to the applicants.
- ❖ Dealership must help applicants complete the Program application package.
  - It is important to make sure that all information is filled out correctly and that the applicant understands the Program requirements.
- ❖ Dealership must show the voucher amount on the replacement truck invoice.
  - The voucher is an incentive to the truck owner that will result in a lower price paid by the applicant. It does not reduce the purchase price of the truck.
  - The receipt of voucher funds does not lower the base price of the truck or reduce the tax basis of the truck.
- ❖ Dealership must conduct inspections on the old truck and replacement truck as follows:
  - Pre-Inspection:
    - Dealership must complete the appropriate pre-inspection form and take the required digital photos of the old truck prior to submitting the application to the District. All required photos must be legible and submitted in a digital format.
    - Any items that will be retained by the applicant, such as a dump body, should be indicated in the comment section of the inspection form.
    - The inspection form must be signed and dated by the representative from the dealership that performed the actual inspection of the truck.
    - Dealership must visually verify and certify the operational condition of the old truck. Non-operational trucks are not eligible to apply and must not be accepted by the dealership for program participation.
  - Post-Inspection:
    - Prior to submitting the Claim for Payment Packet to the District, the dealership is required to complete the appropriate post-inspection forms and take digital photos of both the old truck upon delivery to the dealership and the replacement truck prior to delivery to the applicant. All required photos must be legible and submitted in a digital format.

- The inspection forms must be signed and dated by the representative from the dealership that performed the actual inspection of the truck.
  - Dealership must visually verify and certify the operational condition of the old truck and ensure the old truck is in similar condition as found in the pre-inspection. The dealership must immediately notify the District if the old truck is found to be non-operational.
    - The dealer must notify the District if the condition of the old truck is deemed un-roadworthy or if parts that are required for standard operation of the truck are stripped from the truck.
  - Reimbursement of the voucher will be withheld until the dealer (or District) approves of the condition of the old truck.
- ❖ Dealership must complete the application package and submit it to the District.
- Incomplete application packages will be rejected and returned to the applicant.
  - The dealer will also be notified of the reasons for rejection.
- ❖ Dealership must ensure the following:
- The title for the replacement truck is:
    - Registered to the applicant in California. If the replacement truck is not registered in California, the voucher will be invalid and not be paid.
    - Clean prior to purchase. The replacement truck must not have a salvage.
  - The replacement truck has a GVWR greater than 19,500 pounds.
  - The replacement truck is equipped with an engine in the same weight category as the old truck, either medium-heavy duty or heavy-heavy duty as reported on the ARB Executive Order.
  - Used replacement trucks with a GVWR of 33,001 pounds or greater have less than **500,000** miles of operation on the odometer.
  - Used replacement trucks with a GVWR of 19,501 – 33,000 pounds have less than 250,000 miles of operation on the odometer.
  - The old truck is delivered to the dealership prior to releasing the replacement truck.
  - The old truck is sent to a participating dismantler yard for destruction prior to submission of a Claim for Payment Packet. Additionally, the original title for the old truck must be signed and provided to the dismantler. The dealership must retain a copy of the signed title of the old truck and submit it with the Claim for Payment Packet.
- ❖ Dealership must notify the District if there is any change in the replacement truck (i.e. truck or engine make, model, model year, etc.) to be purchased prior to the purchase transaction. If the replacement truck and/or its engine will not be the same as indicated on the voucher, the District must be immediately notified of the change. District staff must verify that the alternative replacement truck and/or its engine are program eligible.
- ❖ Dealership must complete the Claim for Payment Packet and submit it to the District to redeem the voucher.

## DISMANTLER REQUIREMENTS

The DERA Heavy-Duty Truck Voucher Program requires the old truck to be permanently destroyed. Destruction of the old truck's chassis and engine permanently removes the old, high-emitting truck from operation. This requirement has been established to ensure that emission reductions are real. It prevents the old truck from being moved into another locale to continue emitting high levels of pollutants. The District will establish a list of participating dismantlers that old trucks can be delivered to for destruction.

### DISMANTLER ELIGIBILITY REQUIREMENTS

- ❖ Dismantler is required to enter into an agreement with the District in order to participate in the Program.
  - Dismantlers with a current, active agreement with the District to participate in the Proposition 1B Program or the Carl Moyer Program for On-Road Heavy-Duty Vehicles Voucher Incentive Program (VIP) are eligible to participate without entering into a new agreement.
- ❖ Dismantler must have a valid California business license for a minimum of the last two years. Documentation is required to be submitted to the District for program participation.
- ❖ Dismantler must be licensed by the Department of Motor Vehicles (DMV) as a Dismantler. Documentation is required to be submitted to the District for program participation.
- ❖ Dismantler must have a current, valid California Environmental Protection Agency (Cal/EPA) Hazardous Materials Generators Permit. Documentation is required to be submitted to the District for program participation.
- ❖ Dismantler must be in compliance with all local, state and federal laws and regulations.
- ❖ Dismantler must have a minimum of one (1) active employee who received training by the District on the requirements of the Program.
  - If a dismantler has more than one location, then the dismantler must have at least one (1) active employee trained by the District at each location that will be accepting DERA Truck Voucher Program trucks.
  - Training performed by District staff for the Proposition 1B Program or the VIP can substitute for the DERA Truck Voucher Program.

### DISMANTLER PERFORMANCE REQUIREMENTS

- ❖ The Dismantler must agree to perform the following dismantling requirements:
  - Destroy the old truck within 90 days of receipt.
  - Completely sever the frame rails so that the frame is no longer capable of being used in a truck.
  - Destroy and render useless the old truck's engine.
    - A minimum 5-inch diameter hole must be punched into the engine block.
  - Not destroy any identifying numbers on the truck and/or its engine such as the Vehicle Identification Numbers (VIN) or engine serial numbers.
    - If the truck VIN or engine serial number cannot be located, the truck must not be scrapped or destroyed until notification is made to District staff for assessment.

- The Dismantler may not use or permit the use of the old truck, except use as necessary to move it for destruction or storage.
- Notify the District that the old truck is destroyed and ready for inspection within 10 days of the old truck's destruction. Notification to the District of the destroyed old truck must be made using the District's Notice of Destruction Form. Additional copies of the Form can be obtained by calling program staff at (559) 230-5800.
  - Once received, the District will contact the Dismantler to schedule a destruction-inspection visit, and at such time, a District inspector will verify the destruction of the old truck and its engine with photographs.
- Allow the destruction of the engine and old truck to be documented by the District.
  - The District must verify in-person the proper destruction of the old truck and its engine. District staff must also verify the old truck's VIN and engine serial number.
  - The Dismantler must not remove the old truck from their property, or part out an old vehicle, until a post-destruction-inspection by the District has been performed and the Dismantler has been given approval by the District.
- File a Notice of Acquisition/Report of Vehicle to be Dismantled (REG 42) and provide the District with proof of this filing within sixty (60) days receipt of the old truck.

## APPLICATION PROCEDURES

The application must be filled out completely and as accurately as possible. Do not leave any fields blank, as it lengthens the processing timeframe associated with the application and delays funding. All required signatures must be in **blue ink**, as a way to identify them as an original. If a third party, other than the dealership, filled out any part of the application on behalf of the applicant, make sure the Third Party Signature section is completely filled out and signed.

A copy of the following items must accompany the application at the time of submittal in order for the application to be deemed **complete**:

- ❖ Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9 (Form W-9).
  - The information entered into Section 1 of the application must be **identical** to the information on Form W-9, as this information will be used to generate all binding documents and be used to report incentive funding to the IRS.
  - A copy of the IRS Form W-9 can be downloaded at [www.irs.gov](http://www.irs.gov) or by calling 1-800-829-3676.
  - If your business is a Limited Liability Company (LLC), please follow the instructions found on Form W-9.
- ❖ Copy of the old truck title, with no lien holder and indicating two years of ownership.
- ❖ Copy of the old truck DMV Registration for the past 24 months.
  - Partial Year Registration Exception: If the current truck operates seasonally, the registration must indicate partial year registration and must cover at least 3 months per 12 month period for the previous 24 months.

- If the past 24 months of DMV documentation is not available the following documentation may be substituted:
  - The previous 8 consecutive months of DMV registration supplemented by alternate documentation showing California operation for the past 24 months and proof of insurance for the past 24 months.
- ❖ Copy of proof of insurance for the past 24 months that is specific to the old truck.
- ❖ Dated and itemized dealer quote for the replacement truck that includes:
  - Applicant/business name and address.
  - Dealer name and address.
  - Make, model, and year of the truck and engine
  - Breakdown of total costs including tax, license and applicable fees.
- ❖ Specification sheet for the replacement truck and its engine.
- ❖ Applicable ARB Executive Order, including all attachments, for the engine in the replacement truck.
- ❖ Proof of annual mileage or fuel usage for the past 24 months specific to the old truck on the application.
  - Acceptable forms of usage documentation can include, but are not limited to, maintenance records, log books, fuel receipts, and BIT Inspection forms.
  - Documentation must clearly identify the truck on application.
- ❖ Pre-inspection form and required digital photographs of the old truck on application. Physical inspection and photographs must be completed by the dealership. Self-inspection of the old truck by the applicant is **NOT** allowed and will result in an incomplete application.

## PAYMENT PROCEDURES

Prior to receiving reimbursement, the dealer must submit a Claim for Payment Package to the District. The checklist for a complete Claim for Payment packet is available for the dealers, see page 8. Once the Claim for Payment Package is submitted and deemed complete, the District has 20 working days to process the claim.

- ❖ The dealership shall **redeem** the value of the voucher after receipt and verification of a properly supported Claim for Payment Packet. Payment on the voucher takes place after the replacement truck has been delivered to the applicant, and the old truck has been delivered to a participating dismantler.
- ❖ Only the DERA Heavy-Duty Truck Voucher Program Claim for Payment Form is accepted; a Claim for Payment Form is included in this document for your use on page 12. As a matter of policy, the District does not provide advance payments to dealerships or pay the applicant directly for the voucher.
- ❖ All Claim for Payment Forms must be **dated** and **signed** by the **dealership contract signing authority** or they will be returned to the dealership. The contract signing authority is the same individual at the dealership who signed the agreement with the District to be a participating dealership.
- ❖ Approximately one year after incentive funds have been issued, the applicant will receive an Internal Revenue Service (IRS) Form 1099. For information about the tax implications related to the receiving incentive funds, applicants should consult a tax advisor as the District does not provide tax advice.

## Step-by-Step Claim for Payment Form Guidance

This section outlines the information required for each field of the Claim for Payment Form. Once the fields listed below have been completely filled out, the Form must **signed and dated in blue ink**. This will complete the Claim for Payment Form. Only originally signed Forms will be accepted. If additional assistance is needed to complete the Form, please contact the Strategies and Incentives Department and a Program staff member will assist you.

### ❖ **Project Number**

The number that the District assigned to the voucher; this number can be found on the original voucher sent to the dealership.

### ❖ **Payee**

The Dealership's legal name as it appears on the Agreement with the District.

### ❖ **Address**

The mailing address used by the dealership, including the city, state, and zip code. Checks from the District will be mailed to the address provided here.

### ❖ **Check Box**

Check the classification of the dealership that is listed under payee.

### ❖ **Federal Tax I.D. #**

Taxpayer Identification Number (TIN) of the dealership. **Only the applicant's name and TIN or SSN will be used to report incentive funding to the IRS, not the dealership's.** The District cannot give tax advice, as such, applicants should contact a tax professional or the IRS to determine the tax consequences associated with receiving incentive funding.

### ❖ **Telephone #**

The main phone number, including area code, for the dealership.

### ❖ **Fax #**

The fax number, including area code, for the dealership.

### ❖ **Date**

Enter the date as it appears on the invoice from the replacement truck purchase.

### ❖ **Replacement Truck Make & Model**

The make and model name of the replacement truck purchased.

### ❖ **Amount Paid**

The amount paid for the replacement truck as it appears on the invoice prior to the reduction of the voucher amount.

## CLAIM FOR PAYMENT PACKET CHECKLIST

Claim for Payment Packets are submitted by the dealership for redemption of vouchers. When submitting a request for payment, submit a **complete** Claim for Payment Packet. An incomplete Claim for Payment Packet will lengthen the processing time and delay reimbursement of funding. Please include the following items in the packet:

- Completed and **signed** DERA Heavy-Duty Truck Voucher Program **Claim for Payment Form**.
  - ❖ Please sign the Form in **blue ink**. The same individual at the dealership who signed the contract with the District must also sign the Claim for Payment Form. All Forms submitted must have original signatures.
- The original voucher, signed and dated by the applicant.
- Copy of finance documents (if applicable).
- A copy of the **final invoice** for the purchase of the replacement truck.
  - ❖ The final invoice must be signed by the applicant and include final sales price, less the voucher amount.
- Copy of warranty for the replacement truck.
- Copy of DMV paperwork showing the replacement truck is registered to the applicant in California.
- Post-inspection forms and required digital photographs of the replacement truck and the old truck in the dealership's possession.
- A copy of the title of the old truck signed and dated by the applicant.
- The name and location of the dismantler that will destroy the old truck and the date the old truck was delivered to the dismantler. This information should be indicated on the Post-Inspection Form.

To expedite the claim process, please submit the Claim for Payment packet to the District at:

**San Joaquin Valley Air Pollution Control District**

**Attention: Jeannine Tackett**

**1990 East Gettysburg Avenue**

**Fresno, CA 93726-0244**



## RESOURCES

According to the California Code of Regulations (CCR), as of the calendar year 2010, to be a certified "Small Business" the following criteria must be met:

### Article 3. Certification

#### Section 1896.12. Eligibility for Certification as a Small Business

- a. To be eligible for certification as a small business, a business must meet all of the following qualifying criteria:
  1. It is independently owned and operated; and
  2. The principal office is located in California; and
  3. The officers of the business in the case of a corporation; officers and/or managers, or in the absence of officers and/or managers, all members in the case of a limited liability company; or the owner(s) in all other cases, are domiciled in California; and
  4. It is not dominant in its field of operation(s), and
  5. It is either:
    - A. A business that, together with all affiliates, has 100 or fewer employees, and annual gross receipts of fourteen million dollars (\$14,000,000) or less as averaged for the previous three tax years, as adjusted by the Department pursuant to Government Code Section 14837(d)(3); or
    - B. A manufacturer as defined herein that, together with all affiliates, has 100 or fewer employees.

## APPLICANT RESOURCE WEB PAGE

To assist applicants participating in the District's incentive programs, the District has developed a Program Web Page. This page contains a list of certified dealerships that are contracted with the District to participate in this program. Additionally, this page contains links to the California Air Resources Board website where you can obtain a list of eligible engines, associated Executive Orders and other technical information.

When preparing an application, we ask that you utilize the information presented within the links on this page. By submitting complete application packets with accurate information, we can reduce the amount of time and resources necessary to process your application.

**The Applicant Resource Web Page can be found at [www.valleyair.org](http://www.valleyair.org) under the "Grants and Incentives" tab.**

**MAP OF DISTRICT BOUNDARIES**

