

Air Agency Pushing New-Car Plan for Poor

By Steven Greenhut

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Sacramento — One longtime critic of federal transportation spending once concluded that it would be less expensive for the government to buy every new transit rider a Jaguar XJ8 than it would be to build certain new rail systems. Unfortunately, California officials may not have realized that the idea of buying people new cars wasn't a serious proposal as much as a way to illustrate a point about excessive spending.

The California Air Resources Board is now embarking on a program that would help poor people buy energy-efficient vehicles. In one scenario posed by the agency, a "voucher" might even pay the full price for a Nissan Leaf, an electric car with an MSRP above \$21,000, or for used cars with lower price tags.

In a staff report released on Nov. 19, the agency analyzes its Enhanced Fleet Modernization Program authorized in 2007. Funded by a \$1 surcharge on vehicle registrations, the \$30-million-a-year program is essentially a "cash for clunkers" deal. It provides motorists with \$1,000 to \$1,500 to retire their high-polluting vehicles.

The board also sponsors a pilot program that provides up to \$4,000 for certain motorists to ditch their old cars and buy late-model, cleaner vehicles. The board admits that the current program is "overly complicated" and "highly bureaucratic," so it's looking for ways to streamline and expand it so that more people take advantage of the assistance.

Two new laws enable this effort. AB 8 extended the life of the \$1 surcharge until 2024. And SB 459 directs the agency to offer vouchers at "no less than \$2,500." There is no apparent maximum. The law authorizes "an increase in the compensation for low-income vehicle owners as necessary to balance maximizing air quality benefits while ensuring participation." One goal, as explained in the SB 459 fact sheet, is to promote "transportation justice."

Apparently, wealthy people already are benefiting from subsidies to high-end electric car makers such as the Tesla. This law brings car subsidies directly to lower-income people. The law was authored by Sen. Fran Pavley, D-Calabassas, recently named one of two Legislators of the Year by the Alliance of Automobile Manufacturers for her efforts to promote cleaner air.

In a chart in the staff report, the Air Resources Board looks at the potential "incentive" that would be needed to encourage people to buy the desired type of car. It finds, for instance, the agency would need to pay the "full cost" of a vehicle for a family of two to buy a new electric car or \$18,000 for a family of three to buy a used hybrid. The agency isn't saying that it will necessarily provide such large subsidies, but the report does lay the groundwork for much larger subsidies than are now available.

The program's goal is to get dirty cars off the streets, explained Stanley Young, spokesman for the Air Resources Board. The agency wants to "make sure low-income people can also get into these clean vehicles." It is looking for that "sweet spot," he said, by trying to "find the balance between what they can afford and where state funds could be used."

Some of the report's findings are pretty obvious. It concluded that people tend to junk "high emitters" that are "generally at end-of-life." It also found that "older vehicles tend to be registered in lower-income areas." Well, yes. But it's easy to see where this program is going.

"(S)taff is evaluating a structural change where the outreach and function of the program is moved to an arena where people are already motivated to make a change: the vehicle dealership." One would expect car dealers to be happy to accept vouchers for new-car purchases.

Young says the agency will have discussions, develop a pilot program, do more research, then come up with regulations and have a series of public hearings. So the process is in place, although the details of the subsidy and the means-testing formulas have not yet been decided.

Californians won't soon be driving brand-new subsidized Jaguars, but the program isn't as far off from that idea as one might suspect.