

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

H

1

HOUSE BILL 1207

Short Title: Clean Cars/Vehicle Retirement Program. (Public)

Sponsors: Representatives Cole, Gibson (Primary Sponsors); and Wray.

Referred to: Environment and Natural Resources, if favorable, Commerce, Small Business, and Entrepreneurship, if favorable, Finance.

April 8, 2009

A BILL TO BE ENTITLED
AN ACT TO IMPROVE AIR QUALITY IN THE STATE BY ESTABLISHING A VEHICLE
RETIREMENT PROGRAM TO PROVIDE INCENTIVES FOR REMOVING OLDER,
MORE POLLUTING VEHICLES FROM OPERATION AND TO ESTABLISH A
CONSUMER EDUCATION PROGRAM DESIGNED TO IMPROVE VEHICLE FUEL
ECONOMY AND REDUCE CARBON DIOXIDE EMISSIONS.

Whereas, the Department of Environment and Natural Resources and the Division of Air Quality of the Department have made tremendous strides over the years to improve air quality in this State; and

Whereas, domestic and foreign automobile manufacturers continue to invest billions of dollars each year in research and development designed to produce cleaner, more fuel efficient vehicles; and

Whereas, today's new cars and light-duty trucks are cleaner and more fuel efficient than ever before with an expected 25% increase in 2009 over 2008 in the number of available models with federal highway fuel economy ratings over 30 miles per gallon; and

Whereas, the United States Congress enacted legislation in 2007 and federal regulations are in the process of being developed that will require the automobile manufacturers to develop and introduce even more fuel-efficient technology to achieve at least a 40% increase in fuel economy by 2020; and

Whereas, despite the advances in technology of new motor vehicles, some experts estimate that 50% of all vehicles on the road today are more than 10 model years old, with a significant segment over 15 and 20 model years old; and

Whereas, these significantly older model vehicles contribute a disproportionate share of vehicle emissions, and removing older, more polluting vehicles from the State's roads and highways would provide considerable support and advancement of the State's air quality programs; and

Whereas, the current state of the nation's economy is exacerbating the problem of the inability of lower income vehicle owners to retire older vehicles and replace them with newer, cleaner vehicles; Now, therefore,
The General Assembly of North Carolina enacts:

SECTION 1. Article 21B of Chapter 143 of the General Statutes is amended by adding the following new sections to read:

"§ 143-215.107E. Vehicle Retirement Program; Program development; definitions.

(a) Program. – The Department shall establish, develop, and administer the Vehicle Retirement Program, which shall provide financial assistance and other incentives to eligible owners of older, more polluting motor vehicles for replacement with newer, cleaner motor



1 vehicles. The Department shall adopt rules necessary to implement the Program in accordance
2 with this section, G.S. 143-215.107F, and G.S. 143-215.107G.

3 (b) Advisory Panel. – The Department shall create an advisory panel of interested
4 parties, including representatives of new and independent automobile dealers, safety and
5 emissions inspection facilities, vehicle disposal facilities, and other interested parties, to assist
6 in making recommendations with regard to the development of the Program.

7 (c) Definitions. – As used in this section, G.S. 143-215.107F, and G.S. 143-215.107G,
8 the following definitions apply:

9 (1) 'Program' means the Vehicle Retirement Program.

10 (2) 'Motor vehicle dealer or dealer' means a motor vehicle dealer or dealer as
11 defined in G.S. 20-286(11).

12 (3) 'Motor vehicle' means a motor vehicle as defined in G.S. 20-286(10).

13 (4) 'Eligible retirement vehicle' means a motor vehicle that satisfies all of the
14 following:

15 a. Is gasoline powered and is at least a 1995 model year or older
16 vehicle.

17 b. Can be operated under its own power.

18 c. Is currently registered in and has been registered in an emissions
19 county for the 12 months immediately preceding the date an
20 application for assistance under the Program is submitted.

21 d. Is a nonfleet private passenger motor vehicle as defined in
22 G.S. 58-40-10.

23 e. Has passed a safety inspection within 15 months of the date an
24 application is submitted for assistance under the Program.

25 (5) 'Qualified replacement vehicle' means a motor vehicle that satisfies all of the
26 following:

27 a. Is in a class or category of vehicles that has been certified to meet
28 federal Tier 2, Bin 5 or cleaner Bin certification pursuant to 40
29 C.F.R. § 86.1811-04.

30 b. Has a gross vehicle weight rating, as defined in G.S. 20-4.01(12b), of
31 less than 10,000 pounds.

32 (6) 'Emissions county' means an emissions county as defined in
33 G.S. 20-183.2(c)(2).

34 (7) 'Model year' means a vehicle manufacturer's annual production period that
35 includes 1 January of the calendar year; or, if the manufacturer has no annual
36 production period, the calendar year; or, if the vehicle is manufactured in
37 two or more stages, the time of manufacture is the year of completion of the
38 chassis.

39 (8) 'Vehicle owner' means the person who holds the legal title to a vehicle.

40 (9) 'Eligible vehicle owner' means a vehicle owner whose family income is less
41 than three hundred percent (300%) of the current federal poverty level, as
42 revised annually, and who has not submitted an approved application for
43 assistance under the Program within the preceding 12 months.

44 (10) 'Participating dealer' means a motor vehicle dealer that both:

45 a. Is licensed pursuant to G.S. 20-288.

46 b. Voluntarily elects to participate in the Program and agrees to adhere
47 to the rules and guidelines of the Program.

48 (11) 'Participating disposal facility' means a vehicle crusher, vehicle dismantler,
49 vehicle recycler, or scrap vehicle processing facility, as defined in
50 G.S. 130A-310.50, that voluntarily elects to participate in the Program and
51 agrees to adhere to the rules and guidelines of the Program.

1 (12) 'Retired vehicle' means an eligible retirement vehicle that has been
2 transferred to an authorized dealer in the course of a transaction involving
3 the purchase of a qualified replacement vehicle.

4 **"§ 143-215.107F. Vehicle Retirement Program; financial assistance.**

5 (a) Application for Assistance. – A vehicle owner may submit an application for
6 financial assistance for replacement of an eligible retirement vehicle under the Program. The
7 application shall request information the Department considers necessary to certify that the
8 applicant is an eligible vehicle owner and that the vehicle is an eligible retirement vehicle. The
9 Department shall establish a procedure for determining vehicle owner eligibility and for
10 approving and denying applications for financial assistance in accordance with this section,
11 G.S. 143-215.107E, and G.S. 143-215.107G.

12 (b) Financial Assistance. – Subject to available revenue in the Vehicle Replacement
13 Assistance Account, approved applicants may receive financial assistance through the Program
14 pursuant to the following requirements:

15 (1) A minimum of one thousand dollars (\$1,000) for the purchase of a qualified
16 replacement vehicle of the current model year or previous three model years.

17 (2) A minimum of one thousand five hundred dollars (\$1,500) for the purchase
18 of a qualified replacement vehicle that is a hybrid electric vehicle that
19 derives its transportation energy from gasoline and electricity or an original
20 equipment manufactured vehicle that operates on compressed natural gas,
21 propane, or electricity.

22 (c) Vouchers. – Any financial assistance provided to an eligible vehicle owner through
23 the Program pursuant to subsection (b) of this section shall be provided in the form of a
24 voucher. A voucher may be used by the eligible vehicle owner for vehicle replacement subject
25 to all of the following:

26 (1) A voucher for vehicle retirement assistance may only be used towards the
27 purchase of a qualified replacement vehicle at a participating dealer and
28 must be obtained before the eligible vehicle owner completes the purchase
29 of a qualified replacement vehicle from a participating dealer.

30 (2) Any voucher issued to an approved applicant shall be accompanied with
31 documentation certifying the vehicle owner's eligibility under the Program
32 and the amount of the voucher. The certification documentation must be
33 provided by the eligible vehicle owner to the participating dealer selling the
34 qualified replacement vehicle.

35 (d) Participating Dealer Reimbursement. – A participating dealer shall accept a vehicle
36 retirement assistance voucher as partial or full payment, depending upon the sales price, of a
37 qualified replacement vehicle. The Department shall establish an electronic process for
38 participating dealers to submit vouchers for reimbursement and other documentation the
39 Department considers necessary. The participating dealer shall be reimbursed for the amount of
40 the voucher within five business days of the receipt of the necessary documentation by the
41 Program. A participating dealer who relies on a document issued by the Program confirming
42 the vehicle owner's eligibility has no further duty to otherwise confirm the eligibility of the
43 owner to utilize the vehicle retirement assistance voucher.

44 (e) Disposition of Retired Vehicle. – Upon purchase of a qualified replacement vehicle,
45 the participating dealer shall take possession of the eligible retirement vehicle and certify, in a
46 manner required by the Department, that the vehicle has been retired. The retired vehicle may
47 not be resold or reused in its entirety in this State or any other state and shall be destroyed,
48 recycled, or dismantled in accordance with subsection (g) of this section. Notwithstanding any
49 other provision of this section, a participating dealer is in compliance with this section and
50 incurs no civil or criminal liability as a result of the disposal of a retired vehicle if the dealer
51 produces proof of the transfer of the retired vehicle by the dealer to participating disposal

1 facility. A participating dealer shall transfer the retired vehicle to a participating disposal
2 facility at no cost to the dealer or the facility. The participating disposal facility shall incur any
3 costs of the transfer.

4 (f) Participating Disposal Facility Obligations. – A participating disposal facility
5 receiving a retired vehicle shall scrap the emissions control equipment and engine of the
6 vehicle. The participating disposal facility shall certify, in a manner required by the
7 Department, that the equipment and engine have been scrapped and not resold into the
8 marketplace.

9 **"§ 143-215.107G. Vehicle Retirement Program; Vehicle Retirement Assistance Account;**
10 **annual report.**

11 (a) The Vehicle Retirement Assistance Account is established in the Department. The
12 Vehicle Retirement Assistance Account shall be used for the cost of providing vouchers under
13 the Program. The Vehicle Retirement Assistance Account shall consist of the following:

- 14 (1) Revenue credited to the Account from the certificate of title fee under
15 G.S. 20-85.
- 16 (2) Revenue credited to the Account from private passenger vehicle registration
17 fees under G.S. 20-87.
- 18 (3) Funds credited to the Account by the Department from funds available to the
19 Department, in an amount to be calculated at the beginning of the fiscal year
20 and equal to the sum of revenue credited to the Account under both
21 subdivisions (a) and (b) of this subsection during the preceding fiscal year.

22 (b) Report. – The Department shall publish an annual report on the Vehicle Retirement
23 Program on or before October 1 of each year. The report shall include all of the following:

- 24 (1) A detailed description and documentation of the number of applications
25 approved and denied under the Program.
- 26 (2) The number of eligible retirement vehicles that have been retired under the
27 Program.
- 28 (3) A statement detailing the costs required to implement the Program.
- 29 (4) Any other information requested by the Department that is pertinent to the
30 Program."

31 **SECTION 2.** G.S. 20-85(a1) reads as rewritten:

32 "(a1) One dollar (\$1.00) of the fee imposed for any transaction assessed a fee under
33 subdivision (a)(1), (a)(2), (a)(3), (a)(7), (a)(8), or (a)(9) of this section shall be credited to the
34 North Carolina Highway Fund. The Division shall use the fees derived from transactions with
35 the Division for technology improvements. The Division shall use the fees derived from
36 transactions with commission contract agents for the payment of compensation to commission
37 contract agents. An additional one dollar (\$1.00) of the fee imposed for any transaction
38 assessed a fee under subdivision (a)(1) of this section shall be credited to the Mercury Switch
39 Removal Account in the Department of Environment and Natural Resources. An additional one
40 dollar (\$1.00) of the fee imposed for any transaction assessed a fee under subdivision (a)(1) of
41 this section shall be credited to the Vehicle Retirement Assistance Account, established under
42 G.S. 143-215.107G, in the Department of Environment and Natural Resources."

43 **SECTION 3.** G.S. 20-87(5) reads as rewritten:

44 "(5) Private Passenger Vehicles. – There shall be paid to the Division annually,
45 as of the first day of January, for the registration and licensing of private
46 passenger vehicles, fees according to the following classifications and
47 schedules:

48 Private passenger vehicles of not more than	
49 fifteen passengers.....	\$28.00
50 Private passenger vehicles over fifteen passengers.....	31.00

1 Provided, that a fee of only one dollar (\$1.00) shall be charged for any vehicle given by the
2 federal government to any veteran on account of any disability suffered during war so long as
3 such vehicle is owned by the original donee or other veteran entitled to receive such gift under
4 Title 38, section 252, United States Code Annotated. One dollar (\$1.00) of the fees imposed in
5 this subsection shall be credited to the Vehicle Retirement Assistance Account, established
6 under G.S. 143-215.107G, in the Department of Environment and Natural Resources."

7 **SECTION 4.** The Department of Transportation and the Department of
8 Environment and Natural Resources shall jointly establish a consumer education program
9 designed to encourage motor vehicle drivers to operate vehicles in a manner that maximizes
10 motor vehicle fuel economy and reduces the amount of carbon dioxide emissions. The goal of
11 this program shall be to provide vehicle owners with consumer education materials at the time
12 of annual vehicle inspections. In creating the program, the Department may consider the
13 utilization of various educational materials produced by the Alliance of Automobile
14 Manufacturers under that organization's EcoDrivingUSA Program.

15 **SECTION 5.** The Department of Environment and Natural Resources shall submit
16 its first report required under G.S. 143-215.107G, as enacted by Section 1 of this act, no later
17 than October 1, 2010.

18 **SECTION 6.** Sections 2 and 3 of this act become effective January 1, 2010. The
19 remainder of this act is effective when it becomes law.