

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH80260-LDx-12A (01/27)

Short Title: Clean Cars/Vehicle Retirement Program.

(Public)

Sponsors: Representative Cole.

Referred to:

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

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

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

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

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

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

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

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

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

33 **"§ 143-215.107E. Vehicle Retirement Program; Program development; definitions.**

34 (a) Program. – The Department shall establish, develop, and administer the Vehicle
35 Retirement Program, which shall provide financial assistance and other incentives to eligible



1 owners of older, more polluting motor vehicles for replacement with newer, cleaner motor
2 vehicles. The Department shall adopt rules necessary to implement the Program in accordance
3 with this section, G.S. 143-215.107F, and G.S. 143-215.107G.

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

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

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

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

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

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

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

18 b. Can be operated under its own power.

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

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

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

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

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

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

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

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

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

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

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

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

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

49 (11) 'Participating disposal facility' means a vehicle crusher, vehicle dismantler,
50 vehicle recycler, or scrap vehicle processing facility, as defined in

1 G.S. 130A-310.50, that voluntarily elects to participate in the Program and
2 agrees to adhere to the rules and guidelines of the Program.

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

6 **"§ 143-215.107F. Vehicle Retirement Program; financial assistance.**

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

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

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

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

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

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

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

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

46 (e) Disposition of Retired Vehicle. – Upon purchase of a qualified replacement vehicle,
47 the participating dealer shall take possession of the eligible retirement vehicle and certify, in a
48 manner required by the Department, that the vehicle has been retired. The retired vehicle may
49 not be resold or reused in its entirety in this State or any other state and shall be destroyed,
50 recycled, or dismantled in accordance with subsection (g) of this section. Notwithstanding any
51 other provision of this section, a participating dealer is in compliance with this section and

1 incurs no civil or criminal liability as a result of the disposal of a retired vehicle if the dealer
2 produces proof of the transfer of the retired vehicle by the dealer to participating disposal
3 facility. A participating dealer shall transfer the retired vehicle to a participating disposal
4 facility at no cost to the dealer or the facility. The participating disposal facility shall incur any
5 costs of the transfer.

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

11 **"§ 143-215.107G. Vehicle Retirement Program; Vehicle Retirement Assistance Account;**
12 **annual report.**

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

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

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

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

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

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

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

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

50 Private passenger vehicles of not more than
51 fifteen passengers.....\$28.00

1 Private passenger vehicles over fifteen passengers.....31.00
2 Provided, that a fee of only one dollar (\$1.00) shall be charged for any vehicle given by the
3 federal government to any veteran on account of any disability suffered during war so long as
4 such vehicle is owned by the original donee or other veteran entitled to receive such gift under
5 Title 38, section 252, United States Code Annotated. One dollar (\$1.00) of the fees imposed in
6 this subsection shall be credited to the Vehicle Retirement Assistance Account, established
7 under G.S. 143-215.107G, in the Department of Environment and Natural Resources."

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

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

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