

Initial Statement of Reasons

Title 13, Division 1, Chapter 1

Article 3.0 – Vehicle Titling and Registration

Vehicle Code section 5205.5 requires the department to issue distinctive decals to vehicles meeting the state’s super ultra-low emission vehicle standards for exhaust emissions and the federal inherently low-emission vehicle evaporative emission standards. These distinctive decals are known as Clean Air Vehicle Decals and, when properly affixed to a vehicle, allows the driver to access high-occupancy vehicle lanes with fewer than the required number of passengers. The sunset date of Vehicle Code section 5205.5 is September 30, 2025, at which time all Clean Air Vehicle Decals will expire.

Vehicle Code section 5205.5 also requires the department to collaborate with the California Air Resources Board (CARB) on the procedures and implementation of the Clean Vehicle Rebate Project, including consumer outreach, compliance and enforcement measures, and information sharing processes between the two departments. Recently, the CARB established the Clean Vehicle Rebate Project that offers rebates of up to \$7,000 for the purchase of qualifying zero-emission or plug-in hybrid light duty vehicles. Similar to the Clean Air Vehicle Decal Program, the Clean Vehicle Rebate Project is intended to promote the purchase of the cleanest vehicles. An applicant can only participate in one of the two programs, unless the applicant’s income is within the specified amounts. The departments collaborated to create a verification process to ensure an applicant receiving Clean Air Vehicle Decals does not also receive a rebate, nor will an applicant receiving a rebate be issued a Clean Air Vehicle Decal, unless their income is within the thresholds established in Vehicle Code section 5205.5.

Furthermore, recent amendments to Vehicle Code section 5205.5 allow a new owner of a used vehicle that was previously issued Clean Air Vehicle Decals to be issued Clean Air Vehicle Decals, valid until January 1, 2024, if: 1) the new owner was not the owner of the vehicle when the decals were originally issued, and 2) the new owner’s total annual household income is at or below 80% of the state median income as designated by the California Department of Housing and Community Development, which is currently \$69,680.

Due to the changes to Vehicle Code section 5205.5, the department has determined it necessary to amend current regulations related to the application process for a Clean Air Vehicle Decal and adopt regulations related to the income-based issuance of Clean Air Vehicle Decals.

§ 156.00. Clean Air Vehicle Decals.

Vehicle Code section 5205.5 authorizes the department to issue Clean Air Vehicle Decals to vehicles meeting specified exhaust emission standards. The purpose of Section 156.00 is to specify the vehicles that qualify for issuance of Clean Air Vehicle Decals and the application process required of vehicle owners and vehicle dealers applying for decals prior to the sale of the vehicle.

Subsection (a) is amended to remove the California Ultra-Low Emission Vehicles (ULEV) standard from the list of vehicles authorized to receive a Clean Air Vehicle Decal. Vehicles meeting ULEV emission standards, which were issued white decals, no longer qualified to

receive decals beginning on January 1, 2019. This provision is necessary to ensure clarity by removing an emission standard that no longer qualifies for decals.

Subsection (a) is amended to remove reference to subsection (g)(1). Subsection (g)(1) provides that vehicles meeting certain emission standards will be issued three white Clean Air Vehicle decals and explains the locations on the vehicle at which each decal shall be affixed. This action is repealing subsection (g)(1) because the department no longer issues white decals. Instead, all decals will be issued in sets of four, with a rotational color, and with directions regarding the placement of each decal on the vehicle. This amendment is necessary as retaining reference to subsection (g)(1) could cause confusion when the decals received by the applicant do not match the quantity, color, and placement directions contained in the regulation.

Subsection (a) also contains two non-substantive amendments. The first non-substantive amendment is to update the Code of Federal Regulations reference by removing Section 88.311-93 and replacing with 88.101-94. The second non-substantive amendment is adding the word “California” before reference to the Air Resources Board and updating the agency’s initials to “CARB.”

Subsection (b) is amended to remove reference to subsection (g)(2). Subsection (g)(2) provides that vehicles meeting certain emission standards will be issued green decals. While the quantity and placement of decals referenced in subsection (g)(2) is still valid, the department no longer issues green decals. All decals will be issued in colors on a rotational basis. This amendment is necessary to delete outdated information.

Subsection (b) also contains two non-substantive amendments. The first non-substantive amendment is updating the ARB’s initials to CARB and the second non-substantive amendment is to remove the word “internet.”

Subsection (c) is amended to refer to the California Air Resources Board as “CARB,” consistent with other provisions of these regulations. Subsection (c) also makes non-substantive amendments to indicate “subdivisions” and replace “an” with “a.”

Subsection (d)(1) is amended to update the revision date of the Application for Clean Air Vehicle Decals, form REG 1000 from 6/2015 to 9/2023.

#### *Application for Clean Air Vehicle Decals, form REG 1000*

The department made various changes to the Application for Clean Air Vehicle Decals, some of which are intended to assist the vehicle purchaser in determining which program the purchaser qualifies for based on their income and the type of vehicle purchased. Other changes include for addition and retention of a customer’s email address to support electronic submission of the form and payment of the fee via DMV’s website. The form REG 1000 was also revised to remove unnecessary options and reconfigured due to legislative changes to the Clean Air Vehicle Decal Program.

The REG 1000 begins by updating the required fee from \$22 to \$27 per set of decals. Vehicle Code section 5205.5 requires the department to make decals available for a fee that is sufficient to reimburse the department for the reasonable costs incurred to administer the clean air vehicle decal program. Supplemental costing justifying the fee increase is available upon request.

The REG 1000 contains an introductory paragraph making clear that only the registered owner may apply for decals, suggests that the applicant visit the CARB's website for vehicle eligibility, and suggests the applicant visit the department's Clean Air Vehicle Decal website to avoid processing delays. The prior version of the form provided that fees do not apply to exempt agencies or owner transfers. That information was removed as it is no longer valid. All applicants who apply for decals are required to pay the fee. The new version of the form makes clear that replacement decals will be available for vehicles that have been involved in an accident where body work affected the placement of the previously issued decals. The previous version of the form had detailed requirements related to replacement decals. However, the revisions to the form removed many of the previous requirements related to replacement decals, making it necessary for the introductory paragraph to clearly explain that replacement decals are still available.

The applicant is required at the top of the form to provide identifying information of the vehicle including the vehicle license plate number, vehicle identification number, and the year, make, and model of the vehicle. The revised form also includes a field where the applicant provides an indication of the date the vehicle was purchased. This information is necessary as it is a consideration as to whether or not a decal will be issued.

#### Section 1- Current Registered Owner Information

Section 1 of the form requires the applicant to provide their name, address, and driver's license number, which is optional. This information allows the department to update the registration database to associate the vehicle with the owner and the decal. Section 1 is unchanged.

#### Section 2- Clean Air Vehicle Decals

Section 2 requires the applicant to indicate the transaction for which they are applying and to provide information related to the vehicle's motive power. The previous version of the form contained three columns, each of which were to be completed by the applicant to ensure the department provided the applicant with the appropriate decals for the vehicle. The first column provided four options related to the reason for the application. Those options were: original decals, transfer to new owner, information correction/update, and replacement decal/ID card. The revised form allows five options, as follows: original decals, correct/update information, transfer to new owner, replacement ID card, and replacement decals. This version separates the option for a replacement decal from the option for a replacement ID card because the revised form requires an indication of the reason for which replacement decals are requested. The previous version of the form contained two sections dedicated to replacement decals and ID cards. Those sections are not included on the new REG 1000 because the department condensed the sections to include only the information the department needs to process the application. When an applicant requests replacement decals, they are also required to indicate the reason for requesting replacements. Acceptable reasons are that the decals were stolen, lost or damaged, or not received from the department.

The previous version of the form required an indication of the vehicle's exhaust standard. When the applicant checked the applicable exhaust standard, the department would verify the vehicle qualified for clean air vehicle decals and would then issue decals in the corresponding color. Since the qualifying emissions standards are consistent, it is no longer necessary for the applicant to indicate the type of vehicle exhaust standard and decals are no longer issued based

on the type of exhaust standard and retroactively affect all decals issued in 2017. Instead, decals will be valid until January 1 of the fourth year after issuance and the decal colors will rotate. Retroactively, all customers issued green and white decals in 2017 up to May 2018, were replaced with a red decal valid until 2022, Purple Decals were issued in 2019, valid until 2023; orange decals were issued in 2020 valid until January 1, 2024. The decals were redesigned and the first blue decals were issued in 2021 valid until January 1, 2025; yellow decals issued in 2022, lime-green decals issued in 2023, and burgundy decals issued in 2024 will expire on September 30, 2025.

The third column in the previous version of the REG 1000 required an indication of the vehicle's motive power. Those options are: electric, hydrogen fuel cell, plug-in hybrid, liquefied petroleum gas, or compressed natural gas. The previous version of the REG 1000 had space for an applicant to indicate whether the vehicle had been converted to alternative fuel. Converted vehicles no longer qualify for decal issuance so the option was removed.

Compressed natural gas tanks have a life of up to 20 years and the expiration date is provided on the gas tank. Using an expired tank could cause pressurization problems that could lead to fire or even tank explosion. Since there are currently no national standards related to compressed natural gas tank inspections, CARB asked for an advisory to be added to the form make the applicant aware of their responsibility to maintain the tank and be aware of its expiration date to avoid an accident or injury.

### Section 3- Important Information and Certification

The previous version of the REG 1000 addressed replacement decals for total loss/salvage or non-repairable vehicles only. While the department allows for the replacement of decals, replacement decals will not be issued to a vehicle that has been identified as a total loss, a salvage, or a non-repairable vehicle. Current law authorizes replacement decals only for vehicles where body work affected the placement of the decal(s). Having a section dedicated to total loss/salvage and non-repairable vehicles is no longer necessary.

Section 3 of the revised form provides information related to the Clean Air Vehicle Decal Program and the Clean Vehicle Rebate Project. This section makes clear that, for vehicles purchased on or after January 1, 2018, an applicant's participation in either program is based upon the applicant's gross annual income and the vehicle type. The department developed a matrix that clearly identifies which program(s) the applicant qualifies for based upon income and vehicle type. The department developed the matrix in consultation with the California Air Resources Board. The incomes and vehicle types are consistent with those identified in Vehicle Code section 5205.5.

Section 3 also contains a certification that is required to be completed by the applicant to certify that they have read the important information on the form and certify under penalty of perjury under the laws of the State of California that the information provided on the form is true and correct. The department determined it necessary to require a certification to serve as the applicant's attestation that they have provided correct information and that they are aware of their access to either the Clean Air Vehicle Decal Program, the Clean Vehicle Rebate Project, or both.

The previous version of the REG 1000 contained a second page consisting of three additional sections with information and fields that have either been moved to the first page of the revised form or have been removed completely due to either expired processes or because the information that was collected was determined not to be necessary.

#### Deleted Section 4- Replacement Decals or ID Card Only

Options to request replacement decals or replacement ID cards were moved to the first page of the revised REG 1000. The department also moved to the first page the options detailing the reason for which replacement decals are requested, including: stolen, lost or damaged, or not received. The option of “faded” is no longer available. The department will not issue replacement decals when a previous decal is faded. Decals are only valid for four years. The department does not anticipate circumstances in which a decal would fade in four years. The previous form required the applicant to provide details related to the lost, damaged, destroyed, or faded decals in the Statement of Facts contained in Section 5. The information solicited from the Statement of Facts did not help the department determine whether to issue replacement decals, so the department removed that section from the form.

The previous version of the form allowed options to report when decals were not received from the department and when they were not received from the previous owner. The new form only includes the option to check a box indicating “not received” because the department does not need information about whether the decals were not received from the department or from the previous owner.

When the applicant requested replacement decals due to body damage to parts of the vehicle where decals were affixed, the previous form required the applicant to indicate of the place on the vehicle where the damage occurred and required the applicant to provide a copy of the repair shop report confirming the damage. The department found no value in receiving copies of repair shop reports and is no longer requiring that documentation. If the vehicle and the registered owner match in the department’s records, the vehicle was already issued a decal, and the applicant checks one of the boxes indicating “stolen,” “lost or damaged,” or “not received,” the department will provide replacement decals. The previous version of the form also required applicants to indicate the number of decals that were lost, damaged, destroyed, not received or faded, and the number of decals that were returned to the department, in whole or in pieces. The department only issues decals in sets of four so requiring the decals to be returned is no longer necessary.

#### Deleted Section 5 – Statement of Facts

The previous form also contained a Statement of Facts section where an applicant could provide additional information related to their transaction. Since the department has streamlined the issuance process and did not make determinations based on information provided in the Statement of Facts section, the Statement of Facts section is no longer necessary.

Lastly, the previous form contained a certification that is consistent with the current certification, but the applicant was also required to consent to receive service of process at the mailing address on the form, pursuant to Vehicle Code section 1808.21. This consent was removed from the application for lack of necessity. The provisions contained in the consent are already in the Vehicle Code and will ensure the form is not duplicative of statute.

Subsection (d)(2) is amended to update the revision date of the New Vehicle Dealer Application for Clean Air Vehicle Decals, form REG 1000 D from 3/2017 to 1/2019.

*New Vehicle Dealer Application for Clean Air Vehicle Decals, form REG 1000 D*

The form REG 1000 D is amended to remove reference to white and green Clean Air Vehicle Decals. Section 1 of the previous version of the form contained space for the vehicle dealer to request white decals or green decals. As previously described, the department now issues decals that are valid for four years. Currently, valid Clean Air Vehicle Decals are available in blue, yellow, green, and burgundy, and will expire on September 30, 2025, as required by Vehicle Code section 5205.5. Removing references to white and green decals is necessary to avoid confusion, as the department no longer issues white or green decals. The certification at the bottom of the form is also amended to require the vehicle dealer to certify that they provided the vehicle purchaser with the decals and an Application for Clean Air Vehicle Decals, form REG 1000. The requirement is consistent with Section 156.00(d)(2)(A), requiring a vehicle dealer to provide a purchaser with a form REG 1000 at the time of sale, and Section 156.00(d)(2)(B), requiring the vehicle dealer to keep the decals issued to the vehicle and provide the decals to the customer at the time of purchase.

Subsection (d)(2)(A) is amended to require that a vehicle dealer who has already applied for and received a decal for a qualifying vehicle must provide the purchaser with a form REG 1000 at the time of sale. This requirement is necessary as it is more likely the vehicle purchaser will complete and submit the form to the department if the form is provided to them at the time of sale. The information that will be provided to the department on the REG 1000 will allow the department to associate the decal to the purchaser in the registration database. When the vehicle and decal are associated to the owner, the department can issue a decal ID and issue future decals, if applicable, to the vehicle owner.

Subsection (d)(2)(B) is adopted to make clear that once Clean Air Vehicle decals are issued to a vehicle dealer, the dealer is required to keep the decals and provide the decals to the purchaser. The department is not prescribing a method by which the dealer is required to keep the decals. The dealer may choose to affix the decals to the vehicle when they are received, or maintain the decals in the vehicle file, but the decals must be kept with the vehicle. If the vehicle is transferred to another dealer, the decals must be transferred as well. The department is aware of several instances in which the purchasers did not receive decals when they took possession of the vehicle, even though the department issued decals to the dealer for that vehicle. This provision is necessary to ensure the decal is maintained with the vehicle to which it was issued and to further ensure that the dealer makes the decal available to the purchaser.

Subsection (d)(3)(A)1 is adopted to require an applicant requesting decals for multiple vehicles to indicate the vehicle purchase date. An indication of the purchase date is necessary for the department to update the Clean Air Vehicle decal record and identify whether a vehicle qualifies for Clean Air Vehicle Decals.

Former subsections (d)(3)(A)1 through 4 were renumbered to (d)(3)(A)2 through 5, respectively.

Subsection (e)(2)(A) is amended to make clear that decals will be issued with a Clean Air Vehicle Certificate and subsection (e)(2)(A)1. is adopted to require the Clean Air Vehicle Certificate to be kept with the vehicle's current registration and presented to a peace officer up

on demand. This provision is authorized by Vehicle Code section 5205.5 requiring an identifier to display a unique number which shall be printed on or affixed to the vehicle registration. To meet this requirement, the department produces a Clean Air Decal certificate that is issued with the decals. Currently, the department is not able to print the decal number on the vehicle registration card because that information is generated from a separate database. Therefore, the department is unable to print the unique number on the vehicle registration. To ensure compliance with Vehicle Code section 5205.5(f), the department has determined that to require the driver to keep the certificate with the vehicle registration will sufficiently meet the Vehicle Code requirement that the identifier be printed on or affixed to the vehicle registration. This provision is necessary to instruct the driver to keep the certificate with the vehicle registration, as required by Vehicle Code section 5205.5.

Subsection (f) is amended to update the clean air vehicle decal fee from \$22.00 to \$27.00. The department is required to charge a fee sufficient to cover the costs of administering the clean air vehicle decal program. The amendment will also allow for the form to be accepted with and electronic signature and electronically submission to the department.

Subsection (g) is amended to repeal subsection (g)(1) and amend and incorporate subsection (g)(2) within subsection (g). Subsection (g) identifies the number, color and placement of decals. Subsection (g)(1) specified that vehicles meeting ultra-low emission vehicle (ULEV), super ultra-low emission vehicle (SULEV), and zero emission vehicle (ZEV) standards would be issued three white decals. Subsection (g)(2) specified that vehicles meeting advanced technology partial zero emission vehicle (AT PZEV) and transitional zero-emission vehicle (TZEV) standards would be issued four green decals. Each subsection included information on where to affix each decal on the vehicle. Subsection (g)(1) is being repealed due to lack of necessity. Beginning May 2018, the department no longer issues white decals and all new decals will be issued in sets of four, rather than the set of three that is currently in the regulation.

Subsection (g)(2) is being amended to remove reference to the green decal. Since the decal color will change, the department has opted to remove reference to the decal color from the regulations. Currently, the department issues four different colors of decals all of which represent a different expiration date. The department chose the specific colors to ensure each decal is distinct enough that it could not be confused with a decal that expires at a later date. Decals issued during the 2021 calendar year are blue, decals that were issued during the 2022 calendar year are yellow, decals issued during the 2023 calendar year are green, and decals that are issued during the 2024 calendar year are burgundy. All decals will expire on September 20, 2025, as required by Vehicle Code section 5205.5.

Subsection (g)(2) is amended to make clear that decals will be issued in sets of four and the placement of the decals on the vehicle will remain consistent with the current placement requirements when four decals are issued. The regulatory text requires the two larger stickers to be affixed to the left and right rear quarter panels of the vehicle and the smaller decals are required to be affixed to the back of the vehicle. The department determined the placement, in consultation with the California Highway Patrol, to ensure that stickers would easily be visible regardless of whether the vehicle is being viewed from the side or the rear.

§ 156.01. Clean Air Vehicle Decals: Transfers and Replacements.

California law prohibits a vehicle from being issued more than one set of decals, unless the vehicle was involved in an accident and body work affected decal placement, the decals were lost or stolen, or they were not received from the department. The purpose of Section 156.01 is to identify the process by which an applicant can request replacement decals or transfer a vehicle to which decals have already been issued.

Subsection (b)(1) is amended to address vehicle purchases when a decal has been issued prior to the vehicle sale. The amendment requires the new owner to obtain a new certificate. The Clean Air Decal Certificate is a document that is provided to the registered owner and kept inside the vehicle to which the decals are assigned. The certificate contains the registered owners name and address, the vehicle exhaust standard, and the decal number and expiration date. The amendment is necessary to ensure the department's registration database is accurately maintained by associating the vehicle and decal with the correct vehicle owner.

Subsection (d) is amended to remove the revision date of the form REG 1000. The form is incorporated by reference in Section 156.00 and it is unnecessary to reference the form revision date in subsequent Clean Air Vehicle Decal regulations. Subsection (d) is also amended to ensure compliance with Vehicle Code section 5202.5(b)(2)(A), requiring the applicant to certify that they read the conditions of the program. The applicant's signature is necessary as an attestation that they have read the information about the income restrictions related to the Clean Air Vehicle Decal program and the Clean Vehicle Rebate Project.

Subsections (e)(1) through (e)(3) identify additional information required when an applicant requests replacement Clean Air Vehicle decals. Subsection (e)(1) is repealed for lack of necessity. This section currently requires the applicant to provide the department with a copy of a police report when decals are declared stolen. The department has not found that receiving police reports for stolen decals helps the department determine whether it is appropriate to issue replacement decals, and decided to remove this requirement from the regulation.

Subsection (e)(2) is also repealed for lack of necessity. This section currently requires the applicant to complete Section 5 (incorrectly identified as Section E in the regulations) of the form REG 1000. Section 5 is a Statement of Facts where the applicant is required to provide an explanation as to how the decals were lost, not received, damaged or destroyed. As described in the amendments to Section 156.00, the revisions to the REG 1000 removed Section 5 – Statement of Facts. The department did not make determinations based on information provided in the Statement of Facts. Fillable boxes are provided on the first page of the revised REG 1000 for the applicant to indicate the reason(s) for requesting replacement decals. The department has found the fillable boxes sufficient so the explanation in the Statement of Facts is no longer necessary.

Former subsection (e)(3) is renumbered to (e)(1) and is further amended to ensure the rule and the revised form contain the same language. This provision is necessary to assist the applicant when the applicant is applying for a new Clean Air Certificate due to purchasing a vehicle from a dealer or transferring from an existing owner. If a decal has already been issued to the vehicle, whether it was pre-purchased by the dealer or issued to a previous vehicle owner, the new owner need only apply for the certificate and not new decals, unless the original decals were removed



from the vehicle. If so, new decal of the same color decal can be issued if said decal is still currently valid.

Subsection (f) is amended to repeal the provision requiring the applicant to remove and return the previously issued decals. The department has also found little value in having the applicant return previously issued decals to the department and decided to remove this requirement from the regulation. Instead, this section now instructs the applicant to remove old decals from the vehicle prior to affixing the replacement decals. This requirement is necessary to ensure the old decal is removed from the vehicle so the new decal can be clearly displayed.

Subsection (g) is amended to update the clean air vehicle decal fee from \$22.00 to \$27.00. The department is required to charge a fee sufficient to cover the costs of administering the clean air vehicle decal program and to allow payment to be submitted to the department via the DMV website or mail. Subsection (g) is also amended to update the department's address to where applications should be mailed to ensure the address shown in the rule is consistent with the address shown on the REG 1000.

Subsection (g)(1) is amended to remove reference to the dollar amount of the fee. The fee is identified in subsection (g) so restating the fee in subsection (g)(1) is not necessary.

#### § 156.02. Participation in the Clean Air Vehicle Decal Program and/or ARB Clean Vehicle Rebate Project.

The California Air Resources Board implemented the Clean Vehicle Rebate Project that offers rebates of up to \$7,000 for the purchase of qualifying zero-emission or plug-in hybrid light duty vehicles. The purpose of adopting Section 156.02 is to provide information for applicants who can participate in the Clean Air Vehicle Decal Program or the Clean Vehicle Rebate Project, and to provide information to applicants who can participate in both programs.

Subsection (a) is adopted to make clear that a vehicle purchaser opting to participate in the Clean Vehicle Rebate Project cannot apply for Clean Air Vehicle decals unless the vehicle purchaser meets the income restrictions and the vehicle meets the emission standards specified in Vehicle Code section 5205.5. Vehicle Code section 5205.5(b)(1) prohibits the department from issuing a decal to an applicant who has received a consumer rebate under the Clean Vehicle Rebate Project unless the rebate was issued to a purchaser whose gross annual income falls below:

- \$150,000 for a person who files a tax return as a single person,
- \$204,000 for a person who files a tax return as head of household, or
- \$300,000 for a person who files a joint tax return.

The adoption of subsection (a) is necessary to ensure the vehicle purchaser is aware of the program(s) in which they may participate and identify the authorizing Vehicle Code section where the annual income restrictions are located. The department amended the form REG 1000 to include a matrix that easily identifies the program(s) available to the applicant based on their income, tax filing status, and the type of vehicle purchased.

Subsection (b) is adopted to make clear that previously issued decals must be returned to the department when the vehicle purchaser chooses to participate in the Clean Vehicle Rebate Project. When a purchaser opts to participate in the Clean Vehicle Rebate Project, they are required to return the previously issued decals to the department with a Statement of Facts, form

REG 256, and Sections G and H of the form completed. Section G of the form should include an indication that the purchaser is participating in the Clean Vehicle Rebate Project. Section H of the Statement of Facts contains space for the applicant to indicate their choice to participate in the Clean Vehicle Rebate Project rather than the Clean Air Vehicle Decal program. Not only has the department determined this method to be the most effective method by which to return a decal, this method allows the purchaser to indicate in writing their program selection and allows the department to update its records to reflect the purchaser's choice. The department will also capture sufficient information to track the number of decals that have been issued. This provision is necessary to ensure a purchaser qualifying for only one of the programs and choosing to participate in the Clean Vehicle Rebate Project is aware that decals must be returned to the department and specifies the method by which the decals should be returned.

The form REG 256 is one of the more commonly used departmental forms used in many registration transactions. The current revision date of the REG 256 is 8/2008. The 2008 form has been adopted in other regulations related to registration processes including Section 182.01 in Article 3.1, related to disabled person parking placards, and in Section 205.10 in Article 3.3, related to the Year of Manufacture Program. The REG 256 is available on the department's website and in all field offices.

Subsection (c) is adopted to make clear that the department will verify a vehicle's status in either program on a random basis. If the department determines that the purchaser has applied for or received a rebate, the department will not issue decals unless the purchaser meets the income restrictions and the vehicle meets an acceptable vehicle type to qualify for participation in both programs. The department worked in conjunction with the CARB to develop processes by which the two agencies can verify vehicle statuses. Due to the high number of participation in both programs, the department is unable to verify every application. This provision is necessary to ensure potential applicants are made aware that the department will check participation with the CARB and to serve as a deterrent to applicants applying for both programs.

Subsection (d) is adopted to make clear that an applicant who applied for and was denied a rebate may apply for a decal when a copy of the denial is provided during the application process. This provision is necessary to allow for the issuance of a decal when a rebate was denied, but also ensure the department is provided with documentation that proves the rebate was denied prior to issuing a Clean Air Vehicle Decal.

#### DEPARTMENTAL DETERMINATIONS SUPPORTING GOVERNMENT CODE SECTIONS 11346.2(b)(3) THROUGH (b)(5)

Studies, Reports or Documents – Gov. Code Sec. 11346.2(b)(3)

- No studies, reports or other documents were relied upon.

Reasonable Alternatives and Department's Response – Gov. Code Sec. 11346.2(b)(4)(A)

- No alternatives have yet been presented that would be as effective.

Reasonable Alternatives that Would Lessen Any Adverse Impact on Small Businesses – Gov. Code Sec. 11346.2(b)(4)(B)

- No alternatives have yet been presented that would lessen any adverse impact on small businesses.

Evidence Supporting Determination of No Significant Adverse Economic Impact on Business – Gov. Code Sec. 11346.2(b)(5)

- This regulation will not have an adverse economic impact on businesses. Although this action will likely result in a business being unable to apply for decals for a used vehicle, that impact is unlikely to have an adverse economic impact, nor will it impact the ability of California businesses to compete with businesses in other states. California businesses purchasing new, qualifying vehicles may still be issued Clean Air Vehicle decals.

ECONOMIC AND FISCAL IMPACT DETERMINATIONS

Cost or Savings to Any State Agency

- None

Other Non-Discretionary Cost or Savings to Local Agencies

- None

Costs or Savings in Federal Funding to the State

- None

Cost Impact on Representative Private Persons or Businesses

- This action increases the fee for a decal from \$22 to \$27. The department increased the decal fee in order to cover the costs of administering the clean air vehicle decal program.

Effect on Housing Costs

- None

Local Agency/School District Mandates

- The proposed regulatory action will not impose a mandate on local agencies or school districts, or a mandate that requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

Small Business Impact

- This proposed action may impact small businesses if the small business applies for a clean air vehicle decal.

ECONOMIC IMPACT ASSESSMENT (Government Code section 11346.3)

The department has made the following determinations related to this proposed regulatory action:

- Creation or Elimination of Jobs Within the State of California

This action has no impact on the creation or elimination of jobs within California. This action only makes changes to the process by which Clean Air Vehicle Decals are issued and establishes rules by which applicants can choose which clean air program to apply for, if they do not qualify for both programs.

- Creation or Elimination of Existing Businesses Within the State of California

This action has no impact on the creation or elimination of existing businesses within California. This action only makes changes to the process by which Clean Air Vehicle Decals are issued and establishes rules by which applicants can choose which clean air program to apply for, if they do not qualify for both programs.

- Expansion of Businesses Currently Doing Business Within the State of California

The department does not anticipate that this action will expand businesses currently doing business within the State of California. As stated above, this action clarifies the department's processes and adopts changes made through legislation.

- Benefits of Regulation to the Health and Welfare of California Residents, Worker Safety and the State's Environment

This proposed action is unlikely to have an impact on health or worker safety. However, this action will likely benefit the state's environment by reducing the need for paper and continuing efforts to promote the sales of clean vehicles that will reduce greenhouse gas emissions and progress towards meeting California's air quality improvement goals.