

The Accelerated Retirement of Inefficient Vehicles Act of 2009

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The Accelerated Retirement of Inefficient Vehicles Act (ARIVA) of 2009 establishes a federal incentive for the voluntary retirement of fuel-inefficient vehicles from the current pool of about 235 million cars and light trucks registered to private and commercial owners in the United States. It will operate for four years, 2009-2012, and will incent the early retirement of up to one million vehicles per year. Individuals, taxi operators, and state and local vehicle fleets are eligible to participate by retiring their inefficient vehicles.

Vehicles to be scrapped under this program must –

- be in drivable condition;
- be currently registered in the US (and registered when presented for destruction); and
- have a when-new fuel economy rating of less than 18 miles per gallon (as previously reported by the original manufacturer for purposes of CAFE compliance).

The owner of a vehicle presented for destruction (crushing, shredding) will receive a voucher redeemable upon the purchase of a new or used vehicle that –

- has an MSRP of less than \$45,000;
- has a fuel economy rating that exceeds the fuel economy standard or target applicable to that vehicle by at least 25 percent; and
- is model year 2004 or later and is certified to emissions standard Tier 2 bin 5 or cleaner.

A voucher may also be redeemed for transit fare credit from a participating local transit agency.

Vouchers will be eligible for redemption for two years from the date of issuance. No individual may obtain more than one voucher in any three-year period. Voucher values will be determined by the model year of the vehicle to be retired and whether the vehicle to be purchased is new or used. During the first year of the program (2009), vouchers will be issued for the following amounts:

Retired vehicle:	Voucher value if used for:		
	New vehicle	Used vehicle	Transit fare credit
Model year 2002 and later	\$4,500	\$3,000	\$3,000
Model year 1999 through 2001	3,000	2,000	2,000
Model year 1998 and earlier	2,500	1,500	1,500

An additional \$1,000 will be offered for the purchase of vehicles that exceed the fuel economy standard by 50 percent or more. In each subsequent year (2010, 2011, and 2012) of program operation, the model years indicated above will be advanced by one year. Dealers, dismantlers and scrap recycling facilities issuing vouchers will be eligible for a separate payment of \$50 per vehicle, or an alternative amount to be specified by the federal program administrator.

The program will save 40,000 to 80,000 barrels equivalent per day of motor fuel (primarily gasoline) by the end of the fourth year, assuming that between 0.5 million and 1 million vouchers are redeemed per year. Millions of vehicle owners each year are faced with decisions about costly repairs, whether due to periodic maintenance or repairs of accident damage. These vehicles are especially likely candidates for accelerated retirement under this program.

Rapid fleet turnover would translate into major reductions in both greenhouse gases and in the more acute air pollutants associated with older vehicles, such as ozone, particulates, and nitrogen oxides, all of which pose serious threats to public health in high-traffic urban areas.