

that the state commit to a maximum waiver limit as part of its SIP for modeling purposes, and that the state commit to program modifications should the actual waiver rate exceed that committed to in the SIP.

D. Redesignation

Today's action proposes to clarify the requirements for basic I/M areas that are eligible for redesignation to attainment. EPA believes these changes are necessary because the amendments to the I/M rule addressing redesignation, which were published on January 5, 1995 (60 FR 1738), were not clear with regard to EPA's intent in the event that an area that has been redesignated to attainment experiences a violation of the standard. EPA does not believe that a violation of the standard automatically requires the state to implement or upgrade an I/M program. If a violation or other air quality problem occurs, EPA believes that the state should have the flexibility to select the contingency measure(s) that will most quickly correct the problem and bring the area to attainment.

Today's proposed action also clarifies the timing of SIP submissions and program implementation in areas that select I/M to correct the air quality problem. SIPs must be submitted 18 months after EPA notifies the state that a violation has occurred and programs must be implemented 24 months after the date of notification. No particular date is specified as to when a state must make a selection, but clearly the selection must be made in time to submit a plan by the 18 month point and implement by the 24 month point.

E. Population Requirements

Under current EPA regulations, basic I/M programs are required in moderate ozone and carbon monoxide nonattainment areas with a 1990 Census-defined population of 50,000 or more. Today's proposal solicits public comment on whether revised regulatory language should be included in the final rulemaking to increase the minimum population threshold for basic I/M programs to 200,000 or more. If adopted, this proposed change would mark a return to the policy in effect prior to the 1990 Clean Air Act Amendments on minimum population requirements for basic I/M. This potential revision is proposed to grant states further flexibility in designing I/M programs to meet local needs, and to allow some areas with a population of less than 200,000 and without existing I/M programs to opt-out of I/M completely. Should public comment favor, or at least not overwhelmingly oppose, such

a revision, EPA hereby proposes to set the urbanized area population threshold at 200,000 or more based on the 1990 Census. Under this proposed change, any area outside an ozone transport region classified as moderate ozone or carbon monoxide nonattainment would be required to implement a basic I/M program if its 1990 Census-defined population was equal to or exceeded 200,000. EPA believes that this change is authorized by the Act because Section 182 requires implementation in all moderate ozone nonattainment areas only of the program contained in pre-1990 guidance, which limited basic I/M applicability to areas with a population of 200,000 or more. EPA requests comments on whether this proposed change would have any implications on the states continued participation in the Northeast Ozone Transport Region.

V. Discussion of Major Issues

A. Emission Impact of the Proposed Amendments

The proposed low enhanced I/M performance standard was modeled using MOBILE5a and national average values for vehicle age mix, mileage accumulation, and other area and fleet related variables. Compared to a no I/M case, the proposed low enhanced performance standard yields a VOC emission reduction of about 9.3%, and a NOx emission reduction of about 1.5%, assuming an evaluation date of January 1, 2000; assuming a January 1, 2001 evaluation date, the low enhanced performance standard produces a CO emission reduction of about 14.2% compared to the no-I/M case. The low enhanced performance standard yields a 45% greater reduction in VOC emissions than the basic performance standard. Specifically, the basic performance standard programs yields a minimum VOC reduction of 6.4% compared to the minimum 9.3% reduction from the low enhanced standard.

The proposed low enhanced I/M performance standard would allow ozone nonattainment states to adopt a biennial decentralized, test-and-repair program that included idle tailpipe testing, full visual checks, and pressure testing of the evaporative emission control system on all gasoline powered vehicles. For areas needing to meet the Act's requirements for CO, the proposed low enhanced I/M performance standard can be met using a biennial, decentralized test and repair program including two-speed tailpipe testing and full visual checks on all gasoline powered vehicles in conjunction with a comprehensive training or certification

program for vehicle repair technicians. If these CO areas also have an ozone requirement, pressure testing will need to be added to the scenario.

Alternatively, if test-only, IM240, purge and pressure testing are adopted, states would be able to meet the new, low enhanced standard while exempting large portions of either the oldest or newest vehicles from the test.

The changes in the waiver criteria (e.g., the lower minimum expenditure for the interim years preceding 1998) could reduce emission reduction benefits achieved by I/M programs, depending on the degree to which particular states lower the minimum expenditure in the short term. If states establish lower minimum expenditures, waiver rates will be higher than under the \$450 standard. Instead of waiver rates on the order of 3% of failed vehicles in enhanced programs, waiver rates could be as high as 20% or more if states were to lower the minimum to \$100-\$150. Prior to 1998, the first milestone that states have to meet is the Act's 15% reduction in VOC emissions by November 15, 1996. In states that require only a lower expenditure, the higher waiver rates will lower benefits for this milestone. This loss in emission reduction needs to be accounted for in calculating 15% plan benefits. As a result, states may have to increase emission reductions from other sources, such as stationary sources, to make up for the loss.

B. Impact on Existing and Future I/M Programs

Only states that choose to utilize the proposed flexibility will be affected by today's proposal. Modifications to a state's I/M program as a result of this rule change may require a SIP revision, if a plan has already been approved. Each case is likely to be different, depending upon the magnitude of the change. It is important to note that today's proposed flexibility in no way increases the existing burden on states. States that currently comply, or are in the process of complying, with the existing I/M rule would only be affected by today's rule if they so choose. Today's proposed amendments represent opportunities for those states that can meet the criteria set forth in today's proposal; under no circumstances are these proposed opportunities to be construed as mandatory obligations.

VI. Economic Costs and Benefits

Today's proposed revisions provide states additional flexibility that lessens rather than increases the potential burden on states. Furthermore, states are