

NEWS ANALYSIS

California Is Moving to Guide U.S. Policy on Pollution

By DANNY HAKIM

California has once again declared its intention to challenge the federal government for the lead in setting environmental policy in the United States.

If signed by Gov. Gray Davis, a Democrat, a bill given final approval in the Assembly on Monday night would require cuts in the tailpipe emissions of greenhouse gases by cars and light trucks. The law would be a major defeat for the auto industry in the nation's largest car market and a victory for a coalition of environmental groups and leading national Democrats.

The state's action would be the first significant regulatory prod the auto industry has faced since standards on gas mileage were raised in the 1980's. It follows a failed effort in March in the United States Senate to increase fuel standards, the latest in a string of measures defeated by Republicans and Democrats from Midwestern states.

The California legislation could alter what automobiles look like on the outside and under the hood over the next decade, and not just in California. The domestic auto industry fears that it could slow the huge growth in production of sport utility vehicles and pickups and put more pressure on General Motors and the Ford Motor Company to catch up to Toyota and Honda, which already make cars with hybrid engines that would help meet greenhouse gas standards. Toyota recently said it planned to have 300,000 hybrid vehicles on the road worldwide by the middle of the decade, putting its plans far ahead of those of the Big Three.

"This is rooted in the fact that California is the center of the environmental regulatory universe," said Christopher Preuss, a spokesman for General Motors, which opposed the legislation. "Whether it's feasible, reasonable or in the best interest of the citizens often takes a back seat to the environmental agenda."

Lawmakers around the country paid close attention to the legislation's progress. Two weeks ago, as the proposal appeared stalled, Senator John Kerry, Democrat of Massachusetts, and Senator John McCain, Republican of Arizona, sponsors of a failed proposal to raise federal fuel economy requirements, wrote California legislators, urging them to put aside the auto industry's arguments in considering the bill.

"Be assured, California has an opportunity to do what we in Washington failed to achieve," they wrote, "to base your policy on sound science, instead of wildly distorted rhetoric."

In addition, over the weekend, the office of Senator Joseph I. Lieberman, Democrat of Connecticut, contacted a Democratic state assemblyman who was reportedly on the fence, telling him that Mr. Lieberman would be grateful if he voted for the legislation.

The legislation will have to survive an expected challenge in the courts by the auto industry, which has had mixed success in fighting previous efforts by California to push regulation far beyond the federal government's. Because its clean air regulations came before the passage of the federal Clean Air Act in the 1970's, California was allowed to keep its own standards, which other states are permitted to choose over federal standards.

The bill does not specify how much state regulators should cut emissions or propose how to do it. Instead, it directs the California Air Resources Board, an 11-member panel appointed by the governor, to develop by 2005 a plan for the "maximum feasible reduction" in emissions of the heat-trapping gases from cars and light trucks that are linked to global warming.

The Legislature would have a year to review the plan, though a further vote is not required. The regulations themselves would not take effect until the car model year 2009.

The final version of the bill left room for alternative methods of complying with the regulations but specified that the board could not impose mandatory weight reductions on vehicles, which the industry had held out as a safety risk. Nor could it impose taxes on miles traveled, lower speed limits or levy additional taxes on fuels or vehicles.

Left open is the most obvious avenue to environmental groups and automakers: forcing the industry to make cars that consume less gas, thus emitting less carbon dioxide, by adding fuel-saving technologies like hybrid engines that use gasoline and electricity, continuously variable transmissions or special starter-generators that shut off idling engines. The Big Three view such technologies as prohibitively expensive.

"If the industry believes California is a precursor to what will happen to the rest of the country, as it has been in the past," said John Casesa, an auto analyst at Merrill Lynch, "then it would make sense to design cars to sell nationwide."

The plan's vagueness disturbs automakers, who fear they could see the undoing of provisions they have defended in federal regulations, like a separate mileage standard for S.U.V.'s, pickups and minivans that allows them to consume a third more gas than passenger cars.

"The industry took this piece of legislation very seriously," said Stuart Schorr, a spokesman for Daimler-Chrysler, parent of the Chrysler Group, referring to the California measure.

"Fuel economy is associated with some of the most important issues affecting automobiles, including safety, cost and the choice of what vehicles you can buy," Mr. Schorr said.

Certainly the legislation might make it more difficult for General Motors to sell its Hummer, a sport utility version of the military transport and a favorite of the California resident Arnold Schwarzenegger. A newly released version of the Hummer, called the H2, intended for a wide audience, gets about 13 miles a gallon and is representative of the bulking up of the American automobile fleet.

Last year, S.U.V.'s, pickups and minivans outsold cars for the first time, a trend that has driven the gas mileage of the average new automobile to its lowest point in two decades.

In 1990, the state air resources board said it would require a certain percentage of each automaker's new vehicle sales to be vehicles with no tailpipe emissions, or ultra-low emission vehicles. The plan is still the subject of court challenges, and last month a federal court granted General Motors and DaimlerChrysler an injunction in a suit challenging it. But the air resources board interprets the ruling as speaking only to an amendment to the plan and expects automakers to comply starting next year.

Mr. Preuss of General Motors said the company was prepared to meet the standard by using credits from hundreds of electric vehicles it sold in the 1990's in the state and from neighborhood electric vehicles, which are like beefed-up golf carts, that it is donating to public institutions.

Industry officials say they are undecided whether to challenge the latest emissions bill now or wait until the air resources board comes up with a plan.

"There's been debate over whether California can regulate carbon dioxide because of their special status under the Clean Air Act," said Gloria Bergquist, a spokeswoman for the Alliance of Automobile Manufacturers, a coalition that includes all the major automakers ex-

cept Honda. "We have viewed this in terms of its effect on federal fuel economy standards because the area of fuel economy is broadly reserved for the federal government."

Ms. Bergquist added that the alliance was also considering a referendum campaign in California.

Russell Long, executive director of Bluewater Network, a San Francisco environmental group that drafted the original version of the bill, said, "We will fully expect and will be prepared for a legal challenge from the auto industry."

"They have a long history of litigating any regulation that would improve fuel mileage and safety standards," Mr. Long added, "and I'm sure this one will be no exception."

According to a poll of 2,029 Californians released last week by the nonpartisan Public Policy Institute of California, 81 percent favor requiring automakers to further reduce the emission of greenhouse gases by 2009, as outlined in the legislation passed on Monday. In addition, of the 23 percent of Californians who reported owning or leasing a sport utility vehicle, 77 percent supported the provisions in the measure.

Cars and light trucks emit about 40 percent of greenhouse gas pollution in California, according to the Monday legislation.

An earlier version of the legislation foundered this spring, after the auto industry and its allies waged a campaign asserting that Californians would face higher taxes and maybe even have to give up driving S.U.V.'s if the measure passed. But with the bill's sponsors agreeing on some amendments, the environmental lobby struck back, hiring prominent political consultants and enlisting celebrities like Paul Newman.

"The enviros weighed in like professionals," said John Burton, a Democrat and president pro tem of the State Senate who pushed the legislation through that chamber.

Phillip L. Isenberg, a former assemblyman who represented the automakers and business interests aligned against the measure, agreed.

"It was a terrific lobbying campaign," said Mr. Isenberg, who asserted that the bill's backers went to California because they had been thwarted in Washington. "If you create enough commotion in enough states to get Bush and Congress to change their minds about mileage standards, that might be a good strategy."