

REVENUE: May have revenue impact, statement not yet issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
Vote:	7 - 0 - 0
Yeas:	Beyer, Burley, Cannon, Jenson, Macpherson, Smith G., Dingfelder
Nays:	-
Exc.:	-
Prepared By:	Cat McGinnis, Administrator
Meeting Dates:	2/26, 3/5

WHAT THE MEASURE DOES: Directs Environmental Quality Commission (EQC) to establish goal to reduce excess lifetime risk of cancer from diesel engine emissions to no more than one case per million by 2017 and to substantially reduce risks to school children by 2013. Beginning with the 2007-2008 school year, provides that funds received by school districts to repower, retrofit or replace school bus diesel engines will not be deducted from State School Fund transportation grants. Directs EQC to establish standards for qualifying repower or retrofit diesel engines; standards must require a 25 percent reduction in diesel emissions. Establishes Clean Diesel Engine Fund—a permanent Department of Environmental Quality (DEQ) appropriation to fund administration of the clean diesel program and provide grants and loans to assist owners to repower or retrofit diesel engines and scrap older diesel engines. Dedicates 75 percent of funds available until June 30, 2010, to repower or retrofit vehicles that will be used in Oregon 75 percent of the time or for 75 percent of their miles in the three years following retrofitting or repowering. Authorizes DEQ to certify and contract with third parties to repower and retrofit diesel trucks. Allows a personal income or corporate excise tax credit of up to 50 percent of the certified cost of a qualifying engine retrofit or repower. Allows tax credit to be carried forward to subsequent tax years until the third subsequent year and to be transferred to another taxpayer for consideration. Establishes \$50 application fee for DEQ tax credit certification of repower or retrofit, plus additional application processing fee to be established by EQC rule. Extends tax credit for new low emission trucks purchased on or after January 1, 2004, applicable to truck model years 2003-2011 and tax years beginning January 1, 2005. Takes effect on the 91st day following adjournment *sine die*.

ISSUES DISCUSSED:

- Compatibility of clean diesel measure and biofuels measure
- Adequacy of proposed funding—numbers served and volume of emissions reduced with initial funding
- Clean diesel programs in other states and level of funding
- Agency authority to compete for grants and related Legislative review and approval process
- DEQ program prioritization based on goal to reduce risks to children by 2013

EFFECT OF COMMITTEE AMENDMENT:

- Directs EQC to set a goal to substantially reduce risks to school children from diesel engine emissions by 2013
- Removes provision authorizing DEQ to compete for grants without legislative review and approval

BACKGROUND: Diesel exhaust contains fine particles that carry polycyclic aromatic hydrocarbons (PAH) and other toxic substances deep into the lungs where they can cause cancer. Citizens in every Oregon county are exposed to diesel particulate above the DEQ health benchmark for toxic air pollution. In addition, diesel particulate is a component of fine particulate pollution. The particulate in diesel exhaust also scatters light, contributing to haze in national parks, the Columbia River Gorge National Scenic Area and wilderness areas. Nitrogen oxides in diesel exhaust contribute to formation of photochemical smog, and the carbon soot in diesel exhaust is a potent greenhouse substance that contributes to global warming. The U.S. Environmental Protection Agency (EPA) has adopted standards to require new diesel engines to be much cleaner than existing engines, but it will take more than 30 years for the existing fleet of engines to be replaced.

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This summary has not been adopted or officially endorsed by action of the committee.