

**SB 1008 STAFF MEASURE SUMMARY**

**Senate Committee On Environment and Natural Resources**

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**Prepared By:** Beth Patrino, LPRO Analyst

**Meeting Dates:** 3/8

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**WHAT THE MEASURE DOES:**

Effective on January 1, 2018, requires a public improvement contract for which federal funds from congestion mitigation and air quality improvement grants are a source of funding to reserve an amount equal to at least one percent of the total contract for the purpose of performing qualifying repowers or retrofits of specified diesel engines. Allows Environmental Quality Commission (EQC) to adopt by rule minimum contract specifications for use of diesel engines in performing public improvement contracts and specifies that meeting such minimum standards may substitute for 1 percent reserve requirement. Effective January 1, 2020, extends 1 percent reserve requirement to public improvements when the contracting agency is a state agency or certain local contracting agency and has a value of \$2 million or more for which state funds constitute 30 percent or more of the value of the contract.

Extends until January 1, 2021 the date by which all school buses in Oregon with diesel engines must be retrofitted with 2007 equivalent engines and fine particulate matter capture technology.

Requires the Department of Environmental Quality (DEQ) to establish and maintain an inventory of nonroad diesel engines used in Oregon. Requires that inventory identify engines by engine model year, horsepower and annual usage. Authorizes EQC to adopt rules to implement inventory and directs that the initial inventory be established no later than July 1, 2018.

Effective January 1, 2020, prohibits any person from operating a nonroad diesel engine in Oregon without first registering the engine with DEQ. Exempts from registration requirement farm tractors, husbandry implements, and any other engines exempted by EQC by rule. Authorizes DEQ to appoint agents to register nonroad diesel engines and charge and collect fees. Allows DEQ to authorize agents to charge a \$2 service fee in addition to registration fee. Authorizes EQC to establish by rule a schedule of fees for registration and issuance and renewal and directs fees collected to be deposited into Clean Diesel Engine Fund.

Directs EQC to establish by rule diesel engine emission standards for medium-duty and heavy-duty trucks. Sets phase-in schedule for emission standards according to model year and requires that schedule must prioritize standard implementation in areas of the state where diesel emissions are of most concern. Lists factors EQC must rely on when identifying areas of most concern. Requires that rules allow owners and operators to meet emission standards through alternative compliance options, including listed options. Directs that rules include standards to restrict the addition to fleets after date established by rule, of trucks powered by diesel engines of certain model years. Directs EQC to consider California standards before adopting rules. Lists vehicles classes exempt from emission standards.

Directs EQC to establish by rule nonroad diesel emission standards, including restricting the addition of nonroad equipment to fleets that are powered by engines that do not meet or exceed certain tier standards adopted by the US Environmental Protection Agency. Directs EQC to consider California standards before adopting rules.

Adds replacement of diesel engine as qualifying use of Clean Diesel Engine Funds and specifies qualifying criteria for replacement, repower or retrofit of engines. Broadens description of types of funds that may be deposited into Clean Diesel Engine Fund and use of funds for up to 25 percent of cost of qualifying replacements. Requires applicant to demonstrate to DEQ prior to award of grant or loan that diesel engine will undergo at least 50 percent of its use in Oregon as measured by miles driven or hours operated for at least three years following replacement, repower or

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retrofit. Directs EQC to adopt rules on use of funds, including preferences for awarding grants and loans. Effective at a date to be determined, authorizes use of funds as financial incentive for owners and operators to achieve compliance with diesel engine emission standards adopted by EQC.

Repeals state preemption of local idling regulations by commercial vehicles.

Establishes legislative intent that between July 1, 2017 and July 1, 2027, one quarter of all federal funds received by Oregon as congestion mitigation and air quality improvement grants be deposited in Clean Diesel Engine Fund.

Makes conforming amendments in statutes authorizing tax credit for repowering or retrofitting diesel engines.

Declares emergency, effective upon passage.

**ISSUES DISCUSSED:**

**EFFECT OF AMENDMENT:**

**BACKGROUND:**

Diesel engines are used throughout Oregon and the United States because of their reputation for reliability, durability, power and fuel efficiency. In Oregon, on-road heavy duty diesel trucks and diesel construction equipment is the largest source of diesel exhaust. Diesel exhaust is considered a health risk, particularly in urban areas that are close to highways and major roads.