

## CLEAN ENGINES, CLEAN AIR ACT 2017:

### A Mix of Incentives and Standards to Help Transition Away from High-Polluting Older Diesel Engines

#### SECTION BY SECTION OVERVIEW

1. “Whereases”
  - Establish public health need for the program.
  - Articulate strategy of hastening timeline for conversion to newer (i.e., post-2006), cleaner on-road and off-road engines. (Starting in 2007, federal law required all newly-built engines to meet health standards.)
2. 1% for Clean Diesel in Public Contracts (Sections 1-4)
  - 1% of state-funded construction-bond projects (costing more than \$2 million in total, with 30% funded by the state) MAY go into helping contractors meet clean engine goals through retrofits or engine replacements.
  - At discretion of local government.
  - Intended to help small contractors comply with clean diesel goals set by local governments.
  - Sunsets in 2028.
3. Oregon Clean Diesel Program (Definitions) (Section 5-6)
  - Provides definitions of relevant on-road and off-road engines and replacement/repower/retrofit strategies.
4. School Buses (Section 7)
  - Modifies ORS 468A.796 (from HB 2795, 2009) to extend January 1, 2017 sunset on school bus retrofits to coincide with 2025 replacement deadline for school bus fleets.
  - If we don't make this change, districts lose the option to retrofit—will have no choice but to replace, a more expensive option and one not appropriate for all districts.
5. Nonroad Diesel Engine Inventory (Sections 8-10)
  - Partnering with AGC and ODOT, conduct an inventory of off-road equipment by July 1, 2018.
  - Will allow us to ascertain current volume, location, and age of off-road diesel engines.
  - Will allow us to have similar information to that which we receive from ODOT with respect to registered on-road vehicles.

- Exempts those industries (e.g., agriculture, forestry) that are exempted from the California off-road program, which we are required to follow by the Clean Air Act.

6. Nonroad Diesel Engine Registration Program (Sections 11-13)

- The above inventory will be followed by a registration program for off-road equipment (on-road already register through ODOT).
- Intention is for program to become operative January 1, 2020.
- Modest registration fees adequate to operate the program.
- Exempts the same equipment exempted from the inventory.

7. Diesel Engine Emission Standards (Sections 14-16)

- Starting January 1, 2018, businesses will no longer be able to add pre-2007 engines (on-road and off-road) to their fleets. Purpose is to assure that older, dirtier engines don't come into the state and into high-risk areas of the state.
- DEQ will be authorized to allow extensions where needed.
- Again, does not include equipment in those off-road industries exempted under the California program.
- Starting January 1, 2028 (ten years after the effective date of this bill), all on-road and off-road fleets must be compliant with clean diesel standards (i.e., built 2007 and later).
- Again, DEQ authorized to allow extensions and other forms of flexibility.
- Again, does not include off-road equipment exempted under the California program.

8. Clean Diesel Engine Fund Uses (Sections 17-25)

- Creates the Clean Diesel Engine Fund, initially filled with dollars from the VW Settlement (approximately \$80 million) and lays out priorities and requirements for awards.
  - a. First distributions will go to School Bus Retrofits and Replacements in order to meet or exceed the deadline in statute (see #4 above).
  - b. Subsequent distributions will prioritize areas of known health risk and high emissions) will be considered first.
  - c. Then, other factors will be considered (e.g., fleet size, MWESB/DBE, ability to leverage outside dollars).
  - d. Likely targets after school buses: refuse/recycling trucks, local delivery trucks, drayage trucks, transit, airport ground support equipment, local government vehicles.
  - e. Repowers and replacements may involve conversions to other, cleaner fuels, such as compressed natural gas, biogas, and electricity (Alternative fuels called out in Section 6, Definitions.)

9. Repeals State Preemption on Truck Idling (Section 26)
  - The preemption repeal remains in the -2 amendments, but a work group is working on a plan to maintain the preemption while modernizing current state policy (in ORS 825.615).
  - Intention is to maintain the preemption, but include the updates coming out of this work group in the next set of amendments.
10. Conforming Amendments (Section 27)
11. Appropriation (Section 28)
  - To fund the off-road engine inventory.
12. Captions (Section 29)
13. Operative Date (Section 30)
  - January 1, 2018
14. Emergency Clause (Section 31)