

SB 1008 B STAFF MEASURE SUMMARY**Carrier:** Sen. Frederick**Joint Committee On Ways and Means****Action Date:** 06/30/17**Action:** Do pass the B-Eng bill.**Senate Vote****Yeas:** 12 - DeBoer, Devlin, Frederick, Girod, Hansell, Johnson, Manning Jr, Monroe, Roblan, Steiner Hayward, Thomsen, Winters**House Vote****Yeas:** 10 - Gomberg, Holvey, Huffman, McLane, Nathanson, Rayfield, Smith G, Smith Warner, Stark, Whisnant**Exc:** 1 - Williamson**Fiscal:** Fiscal impact issued**Revenue:** Has minimal revenue impact**Prepared By:** Meg Bushman-Reinhold, Fiscal Analyst**WHAT THE MEASURE DOES:**

Defines key terms related to Oregon Clean Diesel Program. Provides standards for rules adopted by Environmental Quality Commission (EQC) for qualifying diesel engine replacements, retrofits or repowers. Stipulates money in Clean Diesel Engine Fund (Fund) includes money paid pursuant to Environmental Mitigation Agreement. Specifies moneys in Fund received pursuant to voluntary written agreement or settlement must be used for activities consistent with terms and conditions of agreement or settlement. Expands allowable use of Fund to include grants and loans to owners and operators of motor vehicles powered by diesel engines and equipment powered by nonroad diesel engines for up to 25 percent of certified qualifying replacements. Authorizes EQC to set grant or loan award rates at higher percentage under certain circumstances. Requires Department of Environmental Quality (DEQ) to first award grants to owners and operators of school buses to reduce emissions from at least 450 school buses powered by diesel. Prioritizes and prescribes criteria for allocation of Agreement moneys by DEQ for grant awards. Directs EQC to adopt rules establishing preference for grant awards. Extends date that school buses powered by diesel engine must be either repowered or retrofitted to January 1, 2025. Prohibits aggregate amount of transportation grant and costs paid from the Agreement to replace diesel school buses from exceeding purchase price of buses. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- School bus company involved in Seattle study of conversion of diesel engines in school buses
- Benefit of using diesel settlement funds to assist with diesel engine upgrades, especially for children

EFFECT OF AMENDMENT:

No 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 are the largest sources of diesel exhaust. Diesel exhaust is considered a health risk, particularly in urban areas that are close to highways and major roads.

SB 1008 would add grants and loans for diesel engine replacements to the permissible uses of the Clean Diesel Engine Fund and make other modifications to provisions governing the issuance of grants and loans from this Fund. The measure would also authorize the state to receive funds under the Volkswagen Environmental Mitigation Trust Agreement and specify the allocation of these funds.