



**Before the House Committee on Energy and Environment
House Bill 2007
March 19, 2019**

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Chair Helm and Members of the House Committee on Energy and Environment,

The trucking industry is deeply involved in efforts to reduce the impact of diesel engine emissions and improve air quality in Oregon. In 2004, the Environmental Protection Agency began regulating heavy truck engines by requiring dramatic NOX emission reductions. In 2007, the EPA followed up with additional regulations requiring a 98% reduction in diesel engine particulate matter emissions. The EPA addressed NOX emissions again in 2010, when they required a 95% total reduction of these emissions. As a result, modern diesel engines are significantly cleaner compared to older variants.

In addition to engine standards, the trucking industry in Oregon pays a premium to comply with clean fuel regulations. Both the federal and state governments have adopted Renewable Fuel Standards which require blending of at least 5% biofuels with petroleum diesel. Oregon also relies on the Low Carbon Fuel Standard, which aims to reduce carbon emissions from motor fuels by 10% over 10 years. This session, the legislature is giving serious consideration to a Cap and Trade measure which would also place additional costs on diesel fuel.

So, how many heavy trucks are operating in Oregon with 2007 model year engines or newer? The Department of Transportation has provided the following statistics as of February 1, 2018:

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	<u>Companies</u>	<u>Trucks</u>	<u>2007></u>	<u>%</u>
In State	7,888	43,589	22,941	53%
Out of State	19,265	279,000	242,099	87%
Totals	27,153	322,589	265,040	82%

With these numbers in mind, what is the best path forward to encourage clean diesel engine upgrades across the Oregon fleet? In other states, successful regulatory initiatives are paired with meaningful incentives from the state. In California, the state has invested over \$1 billion in upgrading and retrofitting heavy trucks. These funds include \$567 million from 2006 Proposition 1b revenues as well as nearly \$600 million in state programs and Volkswagen Settlement funds. Washington has provided nearly \$80 million in industry incentives. Through the Volkswagen Settlement Agreement, Oregon now has access to significant incentive funds. While these funds are extremely encouraging, it is important that the regulatory legislation which accompanies incentive funds be tailored to fit the industry. If we assume \$55 million in available VW funds, spread across the Oregon fleet at \$100,000 per truck, the program would effectively replace 550 older trucks with 550 newer trucks. After this one-time infusion of funds is gone, the remainder of the trucking industry will be faced with regulations without incentives.

From the truck owner's standpoint, these pieces of equipment were perfectly legal when purchased, and many have been collateralized over time. It is not a simple issue to replace an expensive heavy vehicle, especially for smaller companies with only one or two trucks.

As the engine driving Oregon's economy, it is essential that we do not place unreasonable burdens on the trucking industry. The industry is still absorbing the impacts of HB 2017, which increased transportation taxes on heavy trucks by 53% over 8 years. As a standalone policy, HB 2007 may not seem like an unjustified cost burden. But taken in conjunction with transportation taxes under House Bill 2017, environmental requirements under the Low Carbon Fuel Standard and possible Cap and Trade legislation, and business taxes in a variety of forms, HB 2007 becomes an exceedingly difficult pill to swallow for an industry with razor-thin margins.

Section 6 of HB 2007 would repeal preemption of local regulation of idling by commercial vehicles. We strongly oppose this aspect of the bill and believe a statewide, consistent

framework for idling regulations is the most appropriate approach. The current idling statute, ORS 825.605, restricts truck idling to no more than 5 minutes in a continuous 60-minute period. There are times when a truck simply must idle, and those situations are covered under ORS 825.610. Trucking companies do not want drivers to idle their trucks. Fuel is a major cost for trucking companies, so from the perspective of our members, idling vehicles are essentially sending dollars out of the exhaust stacks. Our members have programs to discourage unnecessary idling ranging from financial incentives to punitive measures. Avoid a patchwork quilt of local idling regulations and maintain the predictability and consistency of current Oregon statute.

What is the best path forward for HB 2007? We believe any program aimed at improving heavy engine emissions should adhere to the following principals:

- The program should be targeted geographically to address the areas of the state with the highest levels of emissions.
- The program should be based on real monitor data rather than computer-based models.
- Program resources should be expended in order to provide the largest cost to benefit ratio possible.
- Maintain the statewide application of Oregon's existing truck idling regulations.

The Oregon Trucking Associations recognizes that heavy vehicle emission reduction is an ongoing discussion. We look forward to continued participation in this issue so that we can achieve these goals without placing an unreasonable burden on the trucking industry.